the Freeman

Ideas on Liberty

MARCH 1976

INSTEAD OF WHAT?

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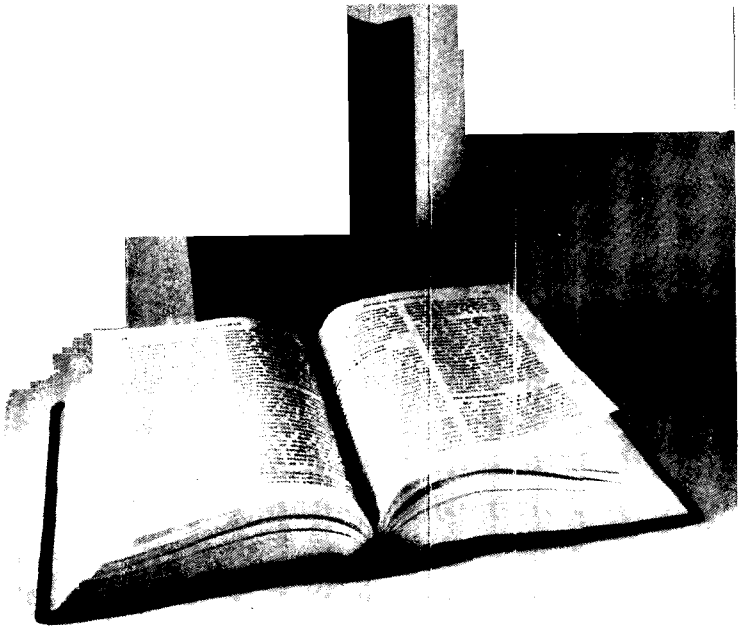

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INSTEAD OF WHAT?

HENRY HAZLITT

Government can't give us anything without depriving us of something else.

Take a recent news item almost at random:

> **WASHINGTON — The Department of Housing and Urban Development . . . said today it would release $264 million over the next two years to help moderate-income families buy housing. The program is designed to provide 250,000 new and rehabilitated dwellings for families that earn $9,000 to $11,000 a year.**

Never mind the details. In our era such projects have become a routine activity of federal, state, and city governments. Politicians promise these and a hundred other kinds of "benefits" to the voters. The Congressmen who voted the appropriations for this housing, when they come to run for reelection, will remind their constituents who occupy the new housing:

> I got you this. I not only provided you with these dwellings at a rental or buying cost far below what you would have had to pay in the market, but in addition my vote gave employment to thousands of construction workers. The funds appropriated gave $264 million in increased purchasing power to so-and-so many people.

And so on. In fact, the politicians' claims probably will be even more sweeping than this. The Secretary of HUD who announced the foregoing project said her economists predicted it would stimu-

---

Henry Hazlitt, noted economist, author, editor, reviewer and columnist, is well known to readers of the *New York Times*, *Wall Street Journal*, *The Freeman*, *National Review*, *Human Events* and many others. Best known of his books are — *The Conquest of Poverty*, *Economics in One Lesson*, *The Failure of the "New Economics,"* *Man vs. the Welfare State*, and *What You Should Know About Inflation*.

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late about $6.5 billion in construction activity and create 500,000 new jobs.

Too many voters have come to accept such claims. Yet they could deflate them all if they asked their supposed political benefactors a single question: *Instead of what?*

You say you got us such-and-such benefits. Maybe. But instead of what? What was the cost? What did we have to give up for these benefits? In order to give Paul's family $1,000 worth of "free" housing, you must have taken $1,000 more away from Peter's family in taxes. In fact, you must have taxed the Peters a good deal more than you turned over to the Pauls, because a lot of the money never got into construction. It went (even disregarding possible graft) into salaries for extra bureaucrats to administer the program.

We may add the probability that a good deal of the money was taken from the Pauls themselves, and that they indirectly paid for at least part of their new housing.

So, we have to ask, what would have happened if this $264 million had not been taxed away to pay for this government program? The original earners would have kept it. They would have had it to spend on something they themselves wanted, instead of having the politicians force this expenditure on them.

Let us say (assuming the average division reported by government figures) that the taxpayers would have spent 92 per cent of this taxed-away income, and saved 8 per cent of it. This "saved" money would, of course, also have been spent, but on different things. It would have gone, for example, into savings banks, which in turn would have lent it as mortgages to help build private housing, or invested it in bonds of industrial companies. The money would have been spent, in other words, to increase the machinery and plant that would have further reduced costs and increased the nation's productive capacity.

And the 92 per cent of the retained personal income that was spent directly on consumption goods and services would have bought more . . . What? Food? Overcoats? Refrigerators? Stereo sets? Housing? And in what proportions?

We just don't know. And we will never know. Because these things were not allowed to come into existence.

This is the tremendous advantage that politicians and their spending schemes – their housing programs, for example – enjoy in the minds of so many voters. The houses exist. They can be seen, they can be admired, they can be lived in. But the goods and services (which would have included housing) that the taxpayers had

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to give up, so that this government housing could be brought into existence, cannot be seen or felt because they have not come into existence. They have become merely hypothetical, merely so many might-have-beens, and therefore forgotten.

If something like this is pointed out to the spending politicians, the more sophisticated among them (or their professional advisers) may come up with one or more answers.

They may say, for example, that the housing did not cost the taxpayers anything because the money for it was not raised by taxes but borrowed in the market by selling bonds. This answer overlooks that the supply of real capital available for investment is strictly limited, and that the money borrowed for the government housing project absorbed funds that might otherwise have gone, say, into a new private oil refinery or chemical plant.

Again, they may argue, the money for the public housing project came neither from taxation nor from borrowing, but was simply printed by the government. Of course, this argument is almost never made openly in such plain blunt terms; but it is an assumption in the back of the spenders' minds. What is bought by inflation, it is thought, costs nobody anything. But when more money is printed, creating new demand, it lowers the value and purchasing power of every dollar already in existence, by raising prices.

Inflation, A Vicious Tax

Inflation is, in fact, a form of taxation. It is a vicious form, because it does not fall on people in proportion to their income or wealth or in any other way that any reasonable person would consider equitable. Its incidence depends on the particular line in which each person happens to earn his living and on the particular form in which he happens to hold his assets. The inflation tax falls with particular weight on the nonunionized (i.e., most of us) and on the aged.

But in recent years the spenders have come forward with a new answer, supplied to them by Lord Keynes, the late British economist, and his disciples. This is that new housing or any other government spending project really causes nobody to have to give up anything, because it produces a net increase of goods and services that otherwise would not have been produced at all. If the additional spending comes when there is heavy unemployment, they say, this means that there are unused resources of men, machines, and materials. The additional public spending puts

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them all to work, and is justified and necessary until it has brought "full employment."

It is true that it is possible to imagine circumstances under which this "Keynesian remedy" could temporarily work. If the previous unemployment has been caused by wage-rates or other costs that have been forced too high in relation to market selling prices, so that margins of profit have been wiped out, and if the government spending is financed by inflation – that is, by the government issuing additional quantities of money – then the spending may force up prices to the point where profit margins are restored, and full employment and production can again take place.

But this will prove at best a temporary solution. For the same inflation that raises prices will soon begin to raise wages and other costs just as much or more – especially as long as our laws continue to make unions so powerful that they can force these increased wages on employers. And then there will once more be the same discoördination of wages and prices that caused the original unemployment that the government spending was supposed to cure.

The basic error in the whole Keynesian theory is that it overlooks the unworkable relations between *particular* prices and costs, between *relative* prices and wages, that have brought on the unemployment that the Keynesians are seeking to cure. The Keynesians persist in the false assumption that the unemployment has been caused by something they call a "lack of effective demand" or a "shortage of purchasing power." And so their cure is always more government spending, bigger deficits, more paper money – in brief, still more inflation.

What Causes Unemployment?

What the Keynesians have never done is to tackle or even notice the real cause of the unemployment they affect to deplore. This cause is practically always unworkable relations, maladjustment, and discoördination in the wage-price system. This discoördination is brought about by the very government interventions in the market that most of the Keynesians are chronically recommending. Not a higher price "level," but only the free market, only the daily and delicate market adjustment of relative prices and wages, only prices and costs in workable equilibrium, can bring full employment. And it is precisely this equilibrium that government intervention persistently prevents.

Our attention has up to now been focused on government construction of or subsidies to hous-

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ing. But our basic question – *Instead of what?* – applies to government subsidies and handouts of every kind. These have become – not only in this but in other countries much further along the road to socialism than ourselves – too numerous even to list. They include food stamps, school lunches, job training, rent supplements, "model cities," community action projects, legal services for the poor, and hundreds of other programs variously classified under such heads as social insurance, public aid, health and medical programs, veterans' programs, education, and so on.

Recently, Senator Edmund Muskie of Maine, a long time "liberal," began to express his doubts: "We have a system of grants-in-aid," he said, "that has over 1,000 different programs, each with its own requirements, approach and money. In the health field alone, there are 228 different federal programs. There are 1,240 federal advisory boards, committees, commissions and councils." "Do we really expect a majority of Americans," he went on to ask, "to support national health insurance when estimated costs range up to $100 billion a year?"

Of each of these thousand programs we have to ask ourselves our basic question: *Instead of what?* For the money that is exacted from the taxpayers for each of these high-sounding programs means that each individual taxpayer has that much less of his own earnings to spend on the particular goods or services that he himself would have chosen.

No Net Gain

Nothing is added by any of these government programs to the total of goods or employment. At best what happens is that the community gets employment or production in one direction *instead of* in another. In a free market people tend to get the particular mix of goods and services that each individually prefers. In a welfare state they get the mix that the politicians and bureaucrats decide is good for them.

Why are these political spending programs so popular? Partly because real costs are seldom considered. The assumption is almost invariably made by the spending politicians that the taxpayers do not really need the money that is taxed away from them to pay for some grandiose public project. If the taxpayers were allowed to keep this money to spend on the things they themselves preferred, it seems to be assumed, they would merely spend it on luxuries or trivialities.

But even if the political spenders do not make such an uncon-

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scious assumption, their imagination simply cannot encompass these costs. If they have spent the money for a great new housing project, the project when finished is big, visible, solid, perhaps imposing. But not only are the things that had to be given up by each family to pay for this public project not there for anyone to see; by comparison they are individually so small that they hardly seem to weigh in the scale. The political imagination simply cannot add up to any perceivable total the millions of big and little sacrifices that millions of taxpaying families have had to make. When the kings of Egypt commanded the pyramids to be built to the greater glory of themselves or their fathers, the toil, sweat and exhaustion of the slaves or other subjects who built them must have seemed utterly negligible in comparison with the spectacular result.

All this is not to deny that there are some public works – such as streets and sidewalks and sewers– that can be justified by their necessity. But the total of such projects can very easily be overdone. The excuse that they are needed to provide "full employment" is never valid. Too many public projects today are social luxuries, if not sheer social waste. We must try to make sure in every case that the gain of producing them exceeds their real cost. We must always ask, in other words: *Instead of what?*

In pointing out earlier that nothing is added by most of these public projects and social programs to the total of goods, service, or employment in the community, we have in fact understated the case. These programs clearly reduce total production.

Wasteful Use of Resources and Lost Opportunities

First, they lead to overproduction and wasteful consumption of the commodity or service that is either given away or sold below its actual cost. When people have Medicare, for example, and are offered hospitalization, doctors' services or medicines for a trivial cost or for nothing, they demand them far more often and for far longer periods than if they had had to pay the full market rate. This increased demand drives up the market price of such medical services far beyond what it would otherwise reach for all those who do not get part of this price paid for them by the medical subsidy. The end result is greatly to overproduce the subsidized commodity or service – housing, medical care, or whatever – at the cost of underproducing something else. Such programs, in other words, lead

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both to wasteful consumption and to lopsided production.

In addition, these programs must lead in the long run to a substantial cut in overall production. By taxing the productive to support the unproductive they diminish incentives at both ends of the economic scale. They lead people to become less efficient or to put forth less effort or to work fewer hours – either because they do not need to do more or because it no longer seems worth the trouble.

The heavier taxes on corporations, especially, reduce new investment in plant and equipment and new employment below what they would otherwise have been.

In sum, practically all these subsidy measures, all these schemes to redistribute income or to force Peter to support Paul, are one-eyed as well as shortsighted. They get their immediate appeal by focusing attention on the alleged needs of some particular group of intended beneficiaries. But the inevitable victims – those who are going to be asked to pay for the new handout in increased taxes (which directly or indirectly means almost everybody else) – are left out of account.

Only one-half of the problem has been seen. The cost of the proposed solution has been overlooked.

The vast majority of would-be social reformers think of the "cost" of something as simply its money cost; and they persistently underrate or dismiss even this because they think of money as something that can be turned out at will by a government printing press. But when economists talk of cost in the broader sense they mean whatever alternate opportunity must be forgone in order to produce the thing that is made. Everything we make, and everything we do, must be at such a cost. For every alleged benefit that the politicians confer upon us, they must necessarily deprive us of something else.

I have not raised here the political and moral issue involved when governments extend and pervert their powers to expropriate part of the earnings of Peter to turn them over as a handout to Paul, or force both to "buy" something with their earnings quite different from what either would have bought of his own free will. But even if we put aside this basic issue, the next time the politicians offer us some alleged economic gift, let us at least ask them the question: *Instead of what?*

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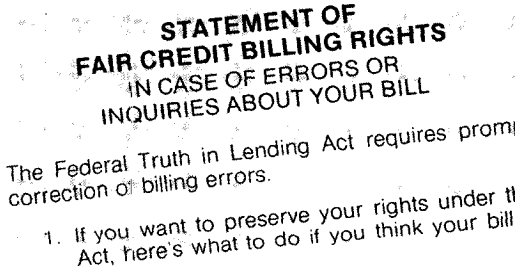
The Age of the Technicality


STATEMENT OF
FAIR CREDIT BILLING RIGHTS
IN CASE OF ERRORS OR
INQUIRIES ABOUT YOUR BILL
The Federal Truth in Lending Act requires prompt correction of billing errors.
1. If you want to preserve your rights under the Act, here's what to do if you think your bill is

CLARENCE B. CARSON

T. S. ELIOT said on one occasion that our civilization would end not with a bang but with a whimper. This was not so much a prediction or prophecy as it was a pithy commentary on a prominent characteristic of our era. But if it be taken as prediction, there is something lacking in it. It does not tell us how the end is likely to come, does not fill in any of the details of the coming anemic apocalypse. There is now mounting evidence, however, of how at least American civilization may end. It may come about in some such fashion as this.

At some time in the not too distant future the American productive machinery could grind to a creaking halt, be still and remain silent. There would be no farmers in the field, planting, tilling, or harvesting, no workers in the mills, mines, or factories, no clerks in the stores, service stations, or banks, no policemen on the beat, no ball players in the arenas, no soldiers at drill, nor anyone anywhere doing anything that could be described as productive. Where would they be? What would be occupying their time? How could this have happened?

Let the answers to these questions wait a bit, and let us examine some clues as to what could bring about such a state of affairs. The following are excerpts from items which appeared on the pages of a single edition of a morning newspaper, the Atlanta *Constitution*, November 25, 1975.

Item One: A former secretary to Fulton County Commission Vice

Dr. Carson has written and taught extensively, specializing in American intellectual history. His most recent book, *The Rebirth of Liberty* (1973), covers the founding of the American Republic from 1760 to 1800.

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Chairman . . . testified during a hearing on the appeal of her firing Monday that she had "intimate relations" with the commissioner.

The three-member Fulton County personnel board is expected to decide Tuesday whether the secretary . . . will be reinstated.

Item Two: The DeKalb County school system has come into compliance with federal law by no longer forcing married or pregnant students to participate in a special educational program, a school administrator announced Monday. . . .

That law, Title IX of the Educational Amendments of 1972, states that female students cannot be discriminated against for any reason. . . .

He also denied that a recent complaint from the husband of a former Towers High School student caused the school system to hurry the policy change.

"We had almost come to a conclusion," he said, when a man identified by school officials as Bill MacArthur received some publicity and threatened to file suit. MacArthur alleged his wife was being discriminated against when she was forced to leave Towers and attend open campus.

Item Three: A group of determined Washington Redskins fans who are also lawyers filed a suit Monday against the National Football League stemming from the controversial Mel Gray touchdown reception.

The group is asking U. S. District Court Judge George L. Hart to issue a temporary restraining order preventing any scheduling of playoff games until the court makes a ruling on a controversial call that went against the Redskins in Washington's overtime loss to St. Louis two Sundays ago.

According to one of the complainants, George Morse, the suit asks Hart to either have the teams finish the game from the point just prior to the controversial St. Louis touchdown pass, or to call the game "no contest" and figure precentage points in the standings as if it were a tie.

Item Four (a quotation from a prison warden): "It seems like we never get a final conviction on anything any more. After all appeals are exhausted arising out of the original trial, we go into the habeas corpus process all over again. I have an administrative assistant who is in court today. His job was set up to assist me, but he spends 95 per cent of his time in court on habeas corpus hearings. . . ."

Item Five: The Atlanta chapter of the American Institute of Architects (AIA) is peeved that Mayor Maynard Jackson has not replied in two weeks to its recommendations on minority participation in city architectural projects.

In October Jackson requested formation of an AIA liaison committee to make such recommendations,

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chapter President M. Garland Reynolds said Monday. . . .

The AIA spent several weeks meeting with other groups in coming up with its recommendations, Reynolds said.

Reynolds' Nov. 10 letter to the mayor was prompted by Jackson's insistence earlier this year that minorities be given a part of the contract for architectural and engineering work for the planned expansion of Hartsfield International Airport.

Item Six (involves promotions of police officers in the City of Atlanta, the oral examination used, the Fraternal Order of Police (FOP), and the Afro-American Patrolman's League.): Complaints against the new exam centered on the nebulous nature of the orals, which included 10 questions based on hypothetical situations. The judgment of good and bad answers was left to the interview boards. Both for sergeant and captain the boards were made up of two white and two black superior officers, plus an attorney. . . . A variety of attorneys was used, and most of them were black.

The issue of using more than one attorney on each board is part of the basis for a legal challenge of the new exam as that challenge is being prepared for court filing by attorneys for the FOP. The lawyers contend the city ordinance authorizing promotional testing specifies that one lawyer be used, rather than a succession of lawyers, so that each candidate is interviewed by the same board.

Item Seven: MARTA [Metropolitan Atlanta Rapid Transit Authority] is opposing an application before the Georgia Public Service Commission (PSC) to establish a van service in the metropolitan Atlanta area.

The rapid transit authority opposes such service because it could increase competition in the lucrative charter bus market. . . .

MARTA also objects to the application . . . because under federal rapid transit funding laws, MARTA could be required to purchase the private company if the company could prove that MARTA's tax-supported transit operation competed unfairly.

Item Eight: Inmates who seized five guards as hostages and holed up in five cell blocks at a city prison on an island in the East River released the three remaining hostages Monday on the promise they would not be prosecuted.

The promise of amnesty so angered the guards at the Rikers Island jail that about 300 of them immediately stormed off the job. . . .

Finally, a spokesman for mayor Abraham Beame said the guards agreed to go back to work when Beame promised to meet Tuesday afternoon with Harold Taylor, president of the guards' Benevolent Association, on the matter.

There were other items in the same paper that might have been quoted. One described a malpractice suit in Augusta, Georgia

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which had been one of the longest in Georgia history. Another told how a local government budget was discarded because the responsibility for preparing the budget had been shifted to another official. But enough examples have been given to show a general trend, of sorts.

Common Characteristics

There are some common threads running through all these incidents. One is that they all involve government at one level or another and in one way or another. A second is that all of them involve some sort of proceeding: a report of a liaison committee, a lawsuit, a habeas corpus hearing, a school board ruling, a Personnel Board investigation, an application before the Public Service Commission, and a conference between a mayor and a representative of prison guards.

Above all, however, they all involve one or more technicalities: whether a football player held a pass long enough for it to be a completion, the claim of a secretary that she had "intimate relations" with a commissioner which led to her firing, opposition to a local van service because of the intricacies of a Federal rule, whether there should have been only one attorney sitting in on all the tests or several, the endless appeals made by those who have been convicted and sent to prison, whether married students should be sent to a special campus, and so on.

According to many who make such characterizations, we live in an age of technology. There is no gainsaying that this view has much to support it. If technology be understood to include the mechanical and electronic devices by which we sort, sift, stuff, open, move, inspect, light, heat, cool, start, stop, weigh, measure, pour, record, and perform the myriad acts which can be done in this fashion then our age is certainly in some respects a technological one. Such characterizations, of course, always vie with others which may be equally apt, such as, the age of steel, the age of electricity, the age of antibiotics, and so on.

However appropriate any or all of these may be, we have moved unwittingly into a new age, the Age of the Technicality. The signs abound that more and more ruling bodies are spending more and more of their time and that of the citizenry in applying these technicalities to the warp and woof of our lives. It may not happen that way, but it looks as if it could. At some time in the future the whole adult population of the country and most of the children could be tied

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up in hearings, consultations, conferences, lawsuits, proceedings, and what not before courts, commissions, boards, bureaus, agencies, and the like, brought by ten million whimperers based upon technicalities.

What is more likely, if the trend continues, is that more and more of the population will have more and more of their energies dissipated in these undertakings to the point that the necessary useful work is no longer performed. The whimper with which American civilization may end will be that of the-one-too-many complainants, the straw that breaks the camel's back.

At any rate, we are certainly in the midst of an age of technicalities. Anyone who doubts this should examine the evidence around him with more care. As this piece was being written, the mail brought an excellent example of such technicalities, a "Statement of Fair Credit Billing Rights," as presented by Sears, Roebuck and Company. Since anyone who has a credit card probably received one of these, it may be useful only to present excerpts and highlights from this wondrous set of instructions:

> The Federal Truth in Lending Act requires prompt correction of billing mistakes.
>
> 1. If you want to preserve your rights under the Act, here's what to do if you think your bill is wrong or if you need more information about an item on your bill:
>
> a. Do not write on the bill. On a separate sheet of paper write (you may telephone your inquiry but *doing so will not preserve your rights under this law*) the following:
>
> i. Your name and account number.
>
> ii. A description of the error and an explanation (to the extent you can explain) why you believe it is an error. . . .
>
> iii. The dollar amount of the suspected error. . . .
>
> b. Send your billing error notice to the address on your bill. . . .
>
> Mail it as soon as you can, but in any case, early enough to reach Sears within 60 days after the bill was mailed to you.
>
> 2. Sears must acknowledge all letters pointing out possible errors within 30 days of receipt, unless we are able to correct your bill during that 30 days. Within 90 days after receiving your letter, we must either correct the error or explain why we believe the bill was correct. . . .
>
> 3. After we have been notified, neither Sears nor an attorney nor a collection agency may send you collection letters or take other collection action with respect to the amount in dispute. . . .
>
> 4. If it is determined that Sears had made a mistake on your bill, you will not have to pay any FINANCE

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CHARGES on any disputed amount. If it turns out that we did not make an error, you may have to pay FINANCE CHARGES on the amount in dispute. . . .
5. If our explanation does not satisfy you and you notify us *in writing* within 10 days that you still refuse to pay the disputed amount, we may report you to credit bureaus. . . . But Sears must also report that you think you do not owe the money, and we must let you know to whom such reports were made. . . .
6. If Sears does not follow these rules, we are not allowed to collect the first $50 of the disputed amount and FINANCE CHARGES, even if the bill turns out to be correct. . . .

This monstrosity is a technicalitarian's (if I may coin a word) dream. It requires little imagination to guess the disputes that could arise over technicalities involved in these rules. For example, which period would be running at any given time: the 10 days, 30 days, 60 days, or 90 days? Who decides whether an explanation is adequate, or whether the customer or the creditor has complied with all the rules? Do Sundays and holidays count? Suppose the customer only owes $10 when the dispute arises but that he subsequently charges $40 more. Suppose the creditor has made a mistake, or has not followed the rules. What is the total amount to be allowed the customer under the $50 rule? The possibilities for contentions are almost unlimited. Even a Philadelphia lawyer would be able to work his way through such a maze only with the greatest difficulty.

The above is not an isolated instance of government intrusion into our lives with intricate technicalities. Nor does it contain the most obtuse examples of detailed rules which have to be followed. In fact, these rules are fairly simple compared with some that have been promulgated. In the last several years the federal government has initiated technicalities with more comprehensive application than ever before. Several new agencies have been set up, each of which promulgates rules for virtually every private undertaking in the country.

The OSHA

One of these is the Occupational Safety and Health Administration, authorized by act of Congress in late 1970. Its rules apply to virtually all businesses "affecting" interstate commerce, which nowadays means nearly all of them. By June 17, 1974, its "Safety and Health Standards" ran to 326 triple-columned 8½ x 11 pages in a tiny print that will assure eyestrain to readers. A little examination of some of these "standards" will illustrate the lengths to

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which they have gone in establishing technicalities.

Here are the rules for "Ladders, Fixed" as they appear in a handbook which abridges them for general industry:

a. All fixed ladders shall be designed for a minimum concentrated live load of 200 pounds.
b. All rungs shall have a minimum diameter of ¾ inch, if metal, or 1⅛ inches, if wood. They shall be a minimum of 16 inches in clear length and be spaced uniformly no more than 12 inches apart.
c. Metal ladders shall be painted or treated to resist corrosion or rusting when the location demands.
d. Cages, wells, or ladder safety devices for ladders affixed to towers, watertanks, or chimneys shall be provided on all ladders more than 20 feet long. Landing platforms shall be provided each 30 feet of length, except where no cage is provided, landing platforms shall be provided for every 20 feet of length.
e. Tops of cages on fixed ladders shall extend 42 inches above top of landing, unless other acceptable protection is provided, and the bottom of the cage shall be not less than 7 feet nor more than 8 feet above the base of the ladder.
f. Side rails shall extend 3½ feet above the landing.

The following are some rules for trenching:

(a) Banks more than 5 feet high shall be shored, laid back to a stable slope, or some other equivalent means of protection shall be provided where employees may be exposed to moving ground or cave-ins. . . .
(b) Sides of trenches in unstable or soft material, 5 feet or more in depth, shall be shored, sheeted, braced, sloped, or otherwise supported by means of sufficient strength to protect the employees working with them. . . .
(c) Sides of trenches in hard or compact soil, including embankments, shall be shored or otherwise supported when the trench is more than 5 feet in depth and 8 feet or more in length. In lieu of shoring, the sides of the trench above the 5-foot level may be sloped to preclude collapse, but shall not be steeper than a 1-foot rise to each ½-foot horizontal. When the outside diameter of a pipe is greater than 6 feet, a bench of 4-foot minimum shall be provided at the toe of the sloped portion.

Civil penalties for the violation of these and other such rules can run to as much as $1,000 per day for failure to comply after a citation has been issued. Criminal penalties can go as high as $20,000 fine and one year in prison.

An Equal Employment Opportunity Act was passed in 1972. It authorized an Equal Employment Opportunity Commission (EEOC) and prohibited discrimination on the basis of sex, color, religion, or national origin in their hiring practices by most employers of 15

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or more persons. The Commission focused upon promoting "affirmative action," i.e., discrimination in favor of minorities and the "gentler" sex, and such things as advertising and testing. Their regulations on sex include some of their more tortured reasoning. For example:

(a) The Commission has determined that an employer's rule which forbids or restricts the employment of married women and which is not applicable to married men is a discrimination based on sex prohibited by Title VII of the Civil Rights Act. It does not seem to us relevant that the rule is not directed against all females, but only against married females, for so long as sex is a factor in the application of the rule, such application involves a discrimination based on sex.

(b) It may be that under certain circumstances, such a rule could be justified within the meaning of Section 703 (e) (1) of Title VII. We express no opinion on this question at this time except to point out that sex as a bona fide occupational qualification must be justified in terms of the peculiar requirements of the particular job and not on the basis of a general principle such as the desirability of spreading work.

What follows is the Commission's view of what can appear on a job application form as it may refer to sex:

A pre-employment inquiry may ask "Male....., Female ....."; or "Mr., Mrs., Miss," provided that the inquiry is made in good faith for a non-discriminatory purpose. Any pre-employment inquiry in connection with prospective employment which expresses directly or indirectly any limitation, specification or discrimination as to sex shall be unlawful unless based upon a bona fide occupational qualification.

About the only "bona fide occupational qualification" based on sex which the Commission has recognized is in acting, where a male or female is being portrayed.

Environmental Protection

The Environmental Protection Agency (EPA) was set up in 1970 following a great hullabaloo about the environment. Its goal is to establish and maintain harmony between man and his environment, a rather tall order even for a government agency. To this end, according to an information sheet issued by it, "The Agency sets and maintains air and water pollution standards, regulates the sale and use of pesticides, sets standards for noise and ambient radiation, develops techniques and procedures for solid waste management, studies toxic substances, conducts research, and demonstrates new pollution control methods and technology." Since every

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act of man does, in some way, affect the environment, it is fairly safe to say that so long as it has the momentum behind it, this agency will spread its umbrella to cover more and more activities.

The Age of the Technicality, then, is upon us. Moderns have sometimes been amused by the tales of the intricate debates of scholars in the Late Middle Ages under the sway of scholasticism. But one wonders what a Duns Scotus (a medieval scholar whose name gave rise to the term "dunce" because of the meticulousness of his analyses) would think of our efforts to determine whether or not the reference to sex in an application form was made in good faith or not, at what point the decibel emission from some machine contributed significantly to noise pollution, what amount a bank over five feet should slope every ½-foot, and so on. Whether 10,000 angels could dance on the head of a pin might not have been a very good question but whether 200,000,000 Americans can survive 10,000,000 regulations is.

The Age of the Technicality has been fostered, no doubt, by a number of trends and developments. We have been bent during the Modern Era toward precise quantification and the development of tools and instruments for doing it. Technology has spawned techniques for turning problems into technicalities. The courts have welcomed an ever larger number of cases which hinge on technicalities. There are many interested parties – such as technicians, scientists, lawyers, and bureaucrats – who benefit from the focus on technicalities. Above all, however, we have been thrust into the Age of the Technicality by the determination to use government to force us to do what some believe to be good and right. The result is the politicalization of life, and drastic decline in choice and freedom for the individual.

Forced to be Good?

It is no part of the purpose of this article to enter into the question of whether any of the objects sought by the myriad rules and regulations are good and desirable. There are many things it might be good for us to do. It might be good if each of us attended church every Sunday. It might be good if we all had the same basic beliefs. It might be good if each of us had a balanced diet, exercised at regular intervals, and consumed only the blandest of food and drink.

It does not follow, of course, that if or because it would be good we should then turn to government to force everyone to do

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any or all of these things. It does follow, however, that if we turn to government to make us do what is good and right we shall have complex laws, intricate rules and regulations, bounteous litigation. numerous hearings, expanding bureaus, and lives entangled in more and more technicalities. It follows that more and more of our time and energy will be devoted to enforcing and complying with and contesting these technicalities. There are deeper dimensions, as already implied, to these efforts to make people do good by law.

When we are compelled to do good by government, no virtue attaches to our doing it; it is only expedient for us to comply with the law. Not only does this reduce the moral dimensions of our lives but also compulsion breeds resentment and resistance which produces a perverse pleasure in evasion and in sabotaging the effort. A breach occurs between the governors and the governed, a breach which can widen into a gulf. A finicky government invites the contempt of the citizenry. A populace whimpering over violations of technicalities invites the contempt of each for all. The minute intrusions upon liberty tend to foster a contempt for life itself.

Can one, after all, imagine George Washington and his men suffering at Valley Forge in defense of our "Fair Credit Billing Rights"? If such had been their object, they might better have surrendered, retained the connection with England, and got the legislation a little sooner under the Labour government. The tyranny of technicalities is tyranny, but it is oh such petty tyranny that a man must grasp its whole impact before he sees it as worthy of his opposition.

Step by Step

We have fallen under this tyranny of technicalities bit by bit and step by step, though in recent years the pace of their imposition has increased rather rapidly. The method of those who have sought their imposition has been to focus upon some real or imagined problem, to propose its solution by way of some Federal program, to enact a law, and to set up some regulatory agency.

At first, such agencies usually dealt with some particular business: railroads, banks (the kind in which money is deposited), labor unions, and trusts. Over the years, more and more institutions and activities have come under such regulation, and now omnibus agencies – such as, EPA, OSHA, and EEOC – are being created.

Opposition to individual impositions has often been difficult to mount; the stated object often had

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broad appeal, and it is often precarious to oppose what is perceived to be good. The result has been that we have come into the Age of the Technicality so gradually that it would be difficult to determine when we arrived.

It is fairly clear, however, that the Age of the Technicality cannot be brought to an end either by opposing the creation of any more such agencies or by eliminating the abuses in the existing ones. There are already enough agencies with sufficient impetus to entangle us interminably in technicalities. It is not the abuses which pose the greatest threat but the resolute carrying out of what has been authorized. The effective level of opposition finally is at the level of principle.

Is Government the Right Tool?

The development needs to be grasped whole, its impact on the economy and on our lives seen for what it is, and opposition made to the attempt to force us to be good by law. Any other approach falls into debates over such things as whether or not women should have equal pay for the same work as men. That must not be the issue. The issue – regardless of rate of pay – is whether government is the proper instrument to impose it.

The issue may be brought into focus for us better if we imagine that the men who predominate in the legislature should decide that women should be paid, say, ten per cent less than men for the same work. But, it may be objected, that would be unjust. So it would, and so is a government decree that women should be paid the same. Government is in no position to determine the value of an employee; only an employer can do that, and justice requires that he pay an employee what he is worth to him. Those who are concerned about government preventing pollution need to understand that they are also talking about government authorizing some level of pollution. Virtually all the technicalities with which we are embroiled have to do with the conditions under which that which is prohibited is allowed, or that which is allowed is prohibited.

Protect the Individual to Do the Best He Can

The Age of the Technicality is not, itself, the age of safety and health. It is the age of the endless hearings, debate, and litigation over the degree of safety, health, and whatever. The principle on which it can be foreclosed is that government should attend to its tasks of protecting us from wrong and leave to us the business of doing good. When it does so, it will not need commissions, boards,

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agencies, and bureaus to interpret and impose myriad rules and regulations. These exist to permit what the legislature knows it should not prohibit but can discover no principle by which it can be allowed within the framework of law. That is reason enough for government not to be involved. The tyranny of the technicality will end when enough people realize that the legislation which has authorized it should be revoked.

Until that happens, however, we should all hope that to some degree we live in an age of technology, for in the Age of the Technicality men will be increasingly too entangled in technicalities to do anything else much. Machines will have to do most of the work, if it is to be done.

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AN ANCIENT FABLE RETOLD

W. A. PATON

REFERENCES to the proverb associated with the fable I propose to relate are not especially rare, but I have been unable to find the old tale itself in print, anywhere. The story was told to me back in 1913, either by Professor Fred M. Taylor, my revered mentor in economics, or Walton H. Hamilton, one of his corps of assistants in the basic course in principles. Since I'm reasonably sure that few – if any – of the present-day teachers of economics are familiar with the version of the fable as I heard it, sixty-odd years ago, it may be permissible to retell it, particularly for the purpose of expressing the moral to be drawn and applying it to current conditions in our college and university classrooms.

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The Fable

Way back in the heyday of the Persian Empire one of the ancient rulers developed a keen desire to learn more about economic activity in his far-flung realm. He knew that many kinds of farm products and other goods were transported for long distances to the capital and other central markets, but he realized that in his palace isolation, surrounded and waited upon

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by a host of servants and retainers, he was cut off from the processes of production and exchange and knew nothing about the underlying factors that stimulated and guided those engaged in these basic activities. He made inquiries among his generals and other officials with whom he had contacts, and even consulted leading astrologers and soothsayers, but found no one in these groups who could enlighten him. Carefully disguised, he attended some classes taught by professors of philosophy and related subjects, but to him their lectures were boring and confusing. What he wanted was a down-to-earth, common-sense outline of fundamentals, not a lot of mystic jargon.

Finally, discouraged and irritated, he drafted a proclamation, and had it distributed in printed form throughout the empire, in which he promised a royal office, and one of his beautiful daughters in marriage, to the man who would provide him with a simple, understandable statement, in writing. (In those days it was unthinkable that any female would undertake such an assignment.) But the proclamation also specified that anyone making the attempt, and failing, in the emperor's judgment, would be promptly executed by beheading.

Nine months passed, and then a teacher from the top school at the capital showed up with a two-volume study which he had prepared with great care, after much pondering and stargazing. The emperor scanned a page or two and then – in a fury – threw the books at the author and ordered him to the block forthwith. Perhaps the fact that he had listened, in disguise, to two of this man's lectures, had a bearing on his very speedy and unfavorable decision.

The summary execution of a leading scholar and teacher was not announced by the palace, but the news leaked out and naturally cast a chill over possible candidates for royal honor and a princess to boot. Several years went by and the proclamation had been generally forgotten, and was no longer a matter of special concern to the ruler himself – although he may have been a bit disappointed that only one of the empire's professors had lost his head. Then a wandering magician and juggler, from a far country, ran across a copy of the old proclamation in one of the provinces and some weeks later showed up at the palace, asking for an audience with the emperor. He said he had come to try his skill at providing the essence of economics in a brief and plain statement. He also admitted that he was well aware of the risk he was running. The audience was shortly

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granted, and after making a very graceful obeisance before the throne the mountebank handed the emperor a slip of paper on which he had written – translated into modern English – "There is no such thing as a free lunch". The ruler happened to be in a good mood. He read the statement a couple of times, started chuckling, and finally laughed heartily. He jumped down from his dais, lifted the kneeling visitor to his feet, ordered a purple robe for him, and in due course, and with appropriate ceremony, made him governor of a province and saw to it that he was married to his youngest daughter.

The Moral

More than nine words are needed to lay even a preliminary foundation for the serious study of modern economic activity, but still the adage provided by the old fable points the way. In launching the introductory course in economics we should get down to earth, stress the underlying problems and difficulties encountered by human beings, at any stage of development, and regardless of social arrangements and organization, in their efforts to "make a living" on this rugged planet. For this purpose there is merit in giving some attention – at the onset – to the primitive situation, where the consumer is largely his own producer, and is brought face to face with requirements and limitations. And there are still groups in this world eking out an existence under very primitive conditions. Even the old Robinson Crusoe approach need not be disdained.

What is needed is a primer of fifteen or twenty pages to supplement the main textbook which starts out with the fundamental truism of economics: *We can not consume what we do not produce,* an adaptation of the message the mountebank brought to the emperor long ago, according to the fable – also nine words. This undeniable fact of economic life is particularly appropriate for American students, as it's quite obvious that no foreign nation is going to play Santa Claus to the United States. Overall, we must look after ourselves. The teacher at this stage might also mention the old saying among our farmers: *The horse can't drink without water in the trough.* The family-size farm is no longer a major economic institution, and the tractor has largely replaced the horse, but even the city boys and girls of these days will get the point, and have their interest aroused.

Of course this is only a bare start – the lesson for the first class session. But it pushes the door of understanding ajar. It

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brings to light the fact that *production is the primary economic process,* on which consuming is totally dependent, and thus stresses the need for efficiency in productive methods and utilizations of available resources. It also raises a warning hand with respect to the danger of becoming unduly preoccupied with the forcible redistribution of output, without regard to the possible unfavorable impact on the volume of output, and resulting per-capita standard of living.

Then the more difficult questions can be tackled. How do we define production and "economic" goods, in the light of the varying attitudes and desires of consumers? Sooner or later the question of non-productive activity must be faced up to. At an early stage attention must be given to the problem of identifying the basic factors of production, including the role of the saver, the fund provider. Resort to the primitive situation may be helpful here, with a return to this subject later in the course. With a foundation laid the examination of the modern industrial economy can begin, with its advanced technology, high degree of specialization, network of markets, complex of monetary and financial facilities, corporate and other institutional arrangements, with an end result in the form of an astonishing array of consumer commodities and services (including durables).

Stifled by Socialism

In trying to characterize the present system briefly, above, I didn't mention government. But in the serious study of the system I see no point in giving lip service to the idea that we still have a "free enterprise", "free-market" system, although this posture is popular in some circles. The plain fact is that we are living in a quasisocialistic economy. The processes of production and exchange are being carried on under the weight of a bewildering, overlapping array of bureaucratic interferences and controls. I'm among those who firmly believe that both historical and current experience demonstrates that the competitive free market is the most effective and equitable instrument that mankind has discovered as a means of allocating productive resources and awarding shares in output. Assuming this position to be sound it still doesn't follow that today's teacher should close his eyes and those of his students to the conditions actually prevailing. Quite the contrary. A clear understanding of the current situation, built on a background of recognition of fundamentals (as I'm recommending), is necessary to form-

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ing an intelligent judgment on the crucial question: Where should we go from here?

My observation is limited but I believe I am justified in suggesting that the approach in teaching the introductory course in economics often fails to include adequate emphasis on elementary, fundamental considerations. As I see the situation today's teachers often plunge too quickly into the complexities of the present system. They are often unduly enamored with statistics of "gross national product" and other aggregates, and rely heavily on mathematical models. Many instructors are socialistically inclined these days, to begin with, and their methods of teaching tend to reinforce this inclination.

I'm not personally optimistic that there will be an early abatement of the tide of sheer economic nonsense from which we are suffering, or that our advance toward complete collectivism will soon be checked. But I would see a ray of hope if there were some modification of the teaching of elementary economics, especially in the colleges and universities, in the direction I have tried to indicate. Our educators have a great impact on the minds of their students, and these young people will soon be running the show.

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IDEAS ON LIBERTY

Robbed for Their Own Benefit

EVER SINCE THE ADVENT of representative government placed the ultimate power to direct the administration of public affairs in the hands of the people, the primary instrument by which the few have managed to plunder the many has been the sophistry that persuades the victims that they are being robbed for their own benefit. The public has been despoiled of a great part of its wealth and has been induced to give up more and more of its freedom of choice because it is unable to detect the error in the delusive sophisms by which protectionist demagogues, national socialists, and proponents of government planning exploit its gullibility and its ignorance of economics.

ARTHUR GODDARD, from the preface to *Economic Sophisms* by Bastiat.

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Threats to Freedom in Higher Education

CHARLES M. HEPBURN

THE DECLINE OF FREEDOM is the critical issue in higher education in America. This alarming trend has resulted from developments within colleges and universities as well as from failures in the pre-college education of entering freshmen.

The future state of the college teacher as an independent professional dedicated to free inquiry and free expression of ideas within his competence has been brought into question more than ever during the past decade as a result of pressure from three important developments. The first of these is a drastic increase in direct interference by the federal government in both public and private higher education; the second is the increasing willingness of faculty members themselves to give up their freedom in order to organize to lobby and strike; and the third is the lack of responsibility of faculty and administrators in defending freedom on the campus against threats of force.

As a result of government intervention, many institutions either because they have chosen to be a part of a federal program, or because they must comply with a federal regulation, or both, have found their free choice limited. They have been forced to offer particular courses in order to receive proferred funds, have had to

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engage in special research projects encouraged by Washington, or have had to hire, on occasion, those whom they felt to be less qualified so that a federal agency would be satisfied. All this has been expensive; but, worse, it has hampered free choice in an area where freedom of choice is vital.

In Defense of Liberty

We who share in a college community must begin to turn away from such controls by being as completely fair as is humanly possible in all dealings with each other, while at the same time we must not allow government agencies to use threats of force against us unjustly. We must, whenever possible, avoid federal funding which restricts our free choice in academic decisions. We all possess separate and unique viewpoints, desires, and backgrounds, but one thing that all faculty members should have in common is a love of liberty, and this most precious commodity is worth defending at all costs.

Next, a growing militancy of professors at many institutions is noticeable in their encouragement and expansion of the assumed separation of interest between members of the faculty and administration, a separation which is thought by many to be inherent in the nature of educational institutions. This militancy has now gone to the point where faculty members in some colleges have formed labor organizations modeled on those of industry. Many of these militant instructors declare that they will now use the same methods of organized force, which have done so much to bring havoc and disruption to our economy, to deal with boards of trustees. If this movement succeeds, faculties will be regimented as never before. They will be told finally how many students they can teach, when they can teach, what duties are those of faculty, and which those of "management" and so on. Let us heed the restrictions placed upon union workers, not by their managers, but by their unions. Few of us could live up to our personal professional standards under such conditions, and most of us never had such things in mind when we entered the profession. A bricklayer lays to the specifications of an architect. He may want to lay more bricks per day than the union allows, but he can practice his skill to a reasonable degree within union requirements. A teacher, like the artist, the poet or the sculptor, is a creator and innovator; he cannot bind himself to group controls.

Current faculty interest in collective bargaining and unionization may be blamed in part on the

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lack of support for salaries in higher education in both public and private institutions when the economy showed a healthy expansion during the fifties and sixties. Teachers in particular did not benefit in relation to their peers in other professions. Everyone was for better education but no one wanted to pay faculty. Yet resentment over low salaries and meager fringe benefits cannot be the central cause of the new militancy. That higher education is an attractive career, particularly in academic areas, can be shown by the numbers of people wanting to enter college teaching in spite of the lack of jobs. Salaries, though low by comparison with other professions, are acceptable to many. A better answer may be found in a new attitude toward teaching among younger members of the profession who sometimes seem less interested in service than in what they can obtain from it. They show little patience with the notion that some years of active college teaching ought to precede senior status with its rank and privileges. This observation applies only to a minority of younger faculty, but their voices are often heard advocating labor-style organization.

The third development in higher education which encroaches on free academic inquiry is the misinterpretation, by mistake or design, of the concept of academic freedom. We have been told recently by some of our colleagues that "academic freedom" covers such acts as being absent from class to lead demonstrations against the Viet Nam war, against the institution's administration, or in protest of another faculty member's dismissal. The protection of academic freedom became a rationale at one major university to justify, in a course on major American writers of the twentieth century, the sole study of Marx, Engels, and Mao Tse-tung; and it has been used to justify the acts of faculty members in organizing students and sympathetic colleagues to disrupt the classes of teachers who disagreed with the minority on an issue and even to justify the use of force against those who opposed such action. In the face of claims like these, academic freedom, a worthy ideal whose achievement should be the goal of everyone involved in higher education, has been condemned by the layman. If the ideal is to survive at all, those of us who believe in it must come to its support; we must identify what we mean by it and denounce attempts by a few among us to hide behind its protections while destroying all it stands for by their behavior. If we lose freedom of thought and expression in our

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educational institutions, freedom in our society will wither and die.

Our failure in the past has been a failure of moral perception followed by a failure of nerve. As faculty members we have refused to condemn attacks on freedom by our colleagues but rather have been content to ignore them, hoping the administration would do the condemning so that we would not need to take a stand on an issue that might prove controversial. Administrators, faced with situations demanding quick and decisive action, instead of meeting their obligations, have held committee meetings, formed study groups, or left for Washington on business.

Loss of Public Confidence

The result has been an immeasurable loss of confidence on the part of the public for the institutions which should be providing intellectual and moral leadership at a critical time in history. Universities must be places where freedom is supreme and this can only exist, as is true everywhere when each member of the community, whether he be student or president, respects the dignity and rights of every other member. It is imperative that those who have committed themselves to an institution through the acceptance of salary also commit themselves to the maintenance of order under which freedom, not license, can reign. There can be no freedom where there is no security against coercion and intimidation.

Freedom is further threatened by the decline in the level of competence of students entering college. This year's College Board and Scholastic Aptitude scores show significant drops in both verbal and quantitative abilities. These new scores are the latest records in a general decline in such scores over the past several years. No one seems to know whom to blame, and perhaps correctly so, because the fault belongs to all of us in some degree. Yet, anyone reading a set of freshman essays must realize that Americans can do better than they have been doing in teaching fundamentals. When students enter college after twelve years of school and still write "sentences" without verbs and are unable to turn fractions into decimals or to understand basic vocabulary, then their time has been poorly used. Worse than that, they are handicapped by being unprepared for life. The student who is terribly worried about the plight of Portugal cannot write three coherent paragraphs to explain why.

It is true that the growing number of open admissions policies – a healthy development that will un-

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doubtedly rescue some potential talent otherwise overlooked – has encouraged many students to enter college today who might not have done so a generation ago. With open admissions we can expect many more poorly prepared students to come to college. Yet it also seems apparent that the phenomenon we are dealing with at the college level is only a symptom of a much larger and far more pressing issue in society at large: that is, the changing values of Americans. Among other things, this has meant that with the lure of more activities that distract, study time has lost the high priority it once had. Parents frequently condemn public school teachers who ask for quality classroom performance at the expense of student participation in some other function.

Emphasis on Ethics

Many of us have come back to the idea that we need to emphasize ethics in education and that learning and ethical purpose go together. Values not only need thoughtful consideration in the classroom, but we can do much toward developing an awareness of values by the way we approach learning. We can demonstrate that when study is correctly pursued so that the student makes a subject his own, the result is satisfaction of the soul and increased creativity; that a job done well is worth a great deal no matter what the job is; that a mathematical principle mastered can be more satisfying than an evening at the movies; that a thought put to prose so that it radiates the mind of the writer has its own special reward which makes the effort worthwhile; that a new word learned expands one's ideas countless times; that certain literary masterpieces last through the ages because they deal with eternal truths; and that any advance toward satisfactory answers to the essential question, "Who am I?" is what education is all about. In short, I believe that the correct teaching of fundamentals presumes the ethics of free inquiry and mental discipline. By not insisting from the beginning that students do the best that they can do, we have failed not only to help them master needed foundation skills, but we have encouraged them in the belief that any performance is acceptable, and that so long as one's peers accept him, ethical considerations are of secondary importance. The thrill of learning in most cases has never been a part of their lives. We have encouraged the belief that continuing efforts to understand are not important, that machines can work out problems, that telephones can substitute for writing letters, and

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that the experts can explain anything beyond the rudimentary so that critical thinking is not necessary for most people.

It Finally Comes Down to Parental Responsibility

Those of us in higher education must accept a degree of responsibility for all this, although, of course, the final blame must lie with the majority of American parents who do not want their children to be required to meet reasonable standards of scholarship in grade and high schools, and who are willing to see the teachers of their children turned into tax-supported baby sitters instead of highly prepared professionals. For our part we have too often dismissed the inadequacies of our college students by arguing that they should have learned fundamentals in high school and that there are other things to be done now. Our students are allowed to go through college without learning to write or read well or to do simple mathematics. They receive diplomas but gain no real sense of accomplishment; and, since they have not mastered the tools for acquiring knowledge and for thinking and self-expression, their college years have been of minimal value. Many of these same students become teachers themselves and perpetuate the process.

The cycle can be reversed by an insistence upon mastery of the essentials as a part of higher education. We should turn away no inquiring mind; but we should develop in that mind the skills of organized thought. This will mean a great deal of work for all of us. It will mean long hours of grading exams, but this is the only way it can be done; and we can do it only when boards and legislatures understand the need to fund adequate staffs for the job. Teaching is basically a person-to-person activity depending for success upon the willingness of one caring person to encourage another who wishes to learn, and this is true whether a class is large or small. No matter what the odds for success, we must stop catering to the inadequacies of our students by shaping our readings, lectures, and discussions for ninth-grade abilities. We must expect them to read and write well; and if not, we must help them to learn to do so with the normal assignments. One suggestion might be to assign less reading with the expectation that it be thoroughly absorbed. Careful selection can provide sufficient thought-provoking material for advanced students while not overwhelming those less capable. When we expect mastery of fundamentals in our colleges, we will be in a position to lead the grade

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schools and high schools and to show the public what is to be gained in terms of human values. Then we may expect changes in the first twelve grade levels; and by then, hopefully, teachers from our colleges will be aware themselves of the loss in human creativity and personal liberty which accrues when millions of young men and women have not adquately developed mental discipline.

Ignorance of the rudiments on the part of many college students may be classified as a loss of individual liberty on two counts: first, such students are dependent upon others and second, they may be easily led because they cannot acquire and assimilate knowledge. Today, more than ever before, free men must be able not only to identify the elements of freedom, they must be able to express them in terms of every aspect of daily life. Colleges should provide the greatest opportunity for this activity on all levels.

IDEAS ON LIBERTY

The Frontier is Freedom

CERTAINLY, the backwardness of many an underdeveloped nation today is related to the fact that the enterprising individual is stigmatized and ruined by his neighbors and the local officials. To have lived in some remote "native" village long enough to know how their social curbs on progress operate is to understand why the best laid plans of economic development schemes have a way of failing utterly. Without freedom to achieve and without a measure of security for life and property, aid is useless; and with freedom, it is unnecessary. Any enterprising investor is happy to put his money into a going concern and nothing succeeds like success. But the rigidities of a managed economy stifle initiative and scare off venture capital, keeping the depressed area stagnant and backward. Only a rich country can afford the economic interventions of socialism – and they can't afford it for long.

Freedom is not a luxury for a few wealthy nations, as many of our liberal pundits try to tell us, but a necessity for the poor and hungry as Erhard's Germany so eloquently demonstrated after her crushing defeat in World War II.

EDWARD P. COLESON

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THE POSTAL MONOPOLY

BRIAN SUMMERS

IN 1974 six children in New Jersey earned a few dollars by delivering Christmas cards for five cents each – half the United States Postal Service rate. They were breaking the law.[1]

In 1971 a private corporation, the Independent Postal System of America, offered to deliver Christmas cards for five cents each – three cents less than the U.S.P.S. rate. They were stopped by a court injunction.[2]

In 1966 the CF&I Steel Corporation, frustrated by the quality of postal service between their Denver headquarters and their plant in Pueblo, hired an armored-car service to deliver the mail. After five months of operation the service was halted by the Denver Post Office, and "at the Post Office's suggestion" CF&I paid two thousand dollars toward back postage.[3]

These are examples of a monopoly at work. With a few minor exceptions, the United States Postal Service enjoys a *legal* monopoly in the delivery of letters. Under the Private Express Statutes, private letter carriers are subject to fines and/or imprisonment.

Why should the U.S.P.S. hold a

Mr. Summers is a member of the staff of The Foundation for Economic Education.

1 *New York Times*, December 20, 1974 (New Jersey Edition).

2 John Haldi, *Postal Monopoly* (American Enterprise Institute, Washington, D.C., 1974) pp. 16-17.

3 *Wall Street Journal*, June 5, 1967.

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legal monopoly? And, more to the point, why should the government be carrying mail at all?

Let us examine some of the arguments put forward by defenders of the monopoly. One argument is that the U.S.P.S. constitutes a "natural" monopoly. That is, it is contended, it would be impossible for competing private firms to provide efficient service. Thus, it is argued, we need a government-run monopoly.

This argument does not stand up in the light of history. In the past three hundred years, thousands of private carriers have provided efficient postal service in England and America.

Three such private carriers stand out in British history: William Dockwra, Charles Povey, and Peter Williamson.[4] Each of these men was so efficient in providing postal service that the British General Post Office, after closing them down, adopted many of their methods.

William Dockwra established his London Penny Post in April 1680. Within a few months he had four hundred post offices, and was making ten daily deliveries and four to twelve daily collections. Thus, it was possible to send a letter and receive an answer the same day. The 1946 edition of the *Encyclopedia Britannica* reports:

> The staff employed in London by Dockwra considerably exceeded that employed by the post office in the whole kingdom. This truly remarkable enterprise gave London a postal service which in some respects has never been equalled before or since.
>
> For some time Dockwra struggled with serious financial difficulties; but no sooner had the penny post begun to show a profit than the duke of York, on whom the post office revenues were settled, asserted his monopoly. Dockwra was condemned to pay damages and his undertaking was incorporated in the General Post Office; but the London penny post long survived its creator and was maintained until 1801.

Charles Povey founded his Half-Penny Carriage in October 1709, serving parts of London, Westminster, and the borough of Southwark. His rates were less than the General Post Office. After seven months of operation he was fined and put out of business.

Peter Williamson established his Edinburgh Penny Post in 1776. He was so successful that his wife and father-in-law soon set up a competing penny post. After seventeen years his business was taken over by the General Post Office.

Following the lead of these three men, private penny posts

[4] Rockford Fresnel, "Postmen Against the State," *Innovator*, June 1966.

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sprung up all over the British Isles. According to one source, by 1800 there were over two thousand.[5] Today, due to the vigorous enforcement of the British postal monopoly, there are none.

The American story is much the same. In the 19th century hundreds of private carriers successfully competed with the Post Office Department. Due to the enforcement of the Private Express Statutes, none have survived.

One of the earliest of these postal services was begun in 1835 by William F. Harnden of Boston. His success encouraged competition, and by 1843 Boston alone had at least twenty private postal operators, including Alvin Adams, father of the Adams Express Company.

Soon private post offices dotted the land. There were Hussey's Post and Boyd's City Express in New York City; Pomeroy's Letter Express in eastern New York State; the Letter Express Company in western New York State, Chicago, and Detroit; Hale and Company in New York, New England, Philadelphia, and Baltimore; Lysander Spooner's American Letter Mail Company; Blood's New York Express (four deliveries and five collections daily); Wells and Company (later to become Wells-Fargo); Yankee Jim's Loon Creek Express; Randall and Jones Canyon City Express – one stamp catalogue lists one hundred fifty private carriers. In 1845 private carriers transported an estimated one-third of the nation's letters.[6]

How efficient were the private carriers? *Hunt's Merchant Magazine* reported: "Government enterprise is wholly unable, under its most advantageous promptings, to compare with private enterprise."[7] Albert D. Richardson wrote that Wells-Fargo Express operations in the West "illustrate the superiority of private enterprise. Whenever the messengers run on the very steamer, or the same railway carriage, with those of the United States mail, three-fourths of the businessmen entrust them with their letters, which are invariably delivered in advance of government consignments. . . ."[8]

Of course, these developments were noted in Washington. In 1844 Senator James F. Simmons of Rhode Island declared: "The fact is notorious that, . . . on the express routes, twenty letters are

[5] Fresnel, *Ibid.*

[6] William C. Wooldridge, *Uncle Sam, The Monopoly Man* (Arlington House, New Rochelle, N.Y. 1970) pp. 11-31.

[7] Frank Chodorov, *The Myth of the Post Office* (Regnery, Hinsdale, Ill., 1948) p. 14.

[8] Wooldridge, p. 21.

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sent outside the mail for the one that is carried by the mail."[9] That same year Congressman John P. Hale of New Hampshire warned: "events are in progress of fatal tendency to the Post Office Department; and its decay has commenced."[10] The Philadelphia postmaster predicted that if the private carriers "be not put down, they will ere long put down the Post Office Department."[11]

Unable to match the efficiency of the private carriers, the Post Office resorted to force. The Private Express Statutes were strengthened in 1845. William C. Wooldridge reports:

> With a realistic appreciation of the underlying difficulties, the Senate Post Office Committee brought in a bill that would combine a drastic reduction in postage rates with stiffer restraints on private competition. Even then, however, the bill's sponsor recognized the government's congenital inability to compete successfully with the private expresses; he begged his colleagues "to keep in mind, what he had so repeatedly urged, that it was not by competition but by penal enactment" the private posts were to be destroyed.[12]

Those private carriers that weren't frightened from the market were put out of business by criminal prosecution. The government's postal monopoly was preserved, not by providing better service than the private carriers, but by threatening them with arrest.

There is nothing "natural" about the postal monopoly. If the monopoly were "natural," the government wouldn't have to crush competition with threats and criminal indictments.

A second argument used by the monopolists is that private carriers wouldn't charge uniform rates. They would charge less for low-cost routes (such as across town) than for high-cost routes (such as across the continent).

That sounds like a pretty fair system. People would pay for what they got. What we have now is across-town mailers being plundered to subsidize across-continent mailers. What is so noble about that?

And we should remember the words of *Hunt's Merchant Magazine:* "Government enterprise is wholly unable, under its most advantageous promptings, to compare with private enterprise." Given a few years of free enterprise, *all* postage rates would probably be lower than they are now, including those now subsidized by

9 George L. Priest, "The History of the Postal Monopoly in the United States," *Journal of Law & Economics*, April 1975, p. 59.
10 Priest, p. 61.
11 Wooldridge, p. 22.
12 Wooldridge, p. 23.

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the taxpayers. Of course, we will never know as long the U.S.P.S. has a monopoly.

A third argument used by the monopolists is that private letters wouldn't be safe in the hands of private carriers. Private carriers might open the mail and read it.

This is precisely what the postal monopoly has been doing for years:

> For 20 years the CIA routinely opened over 13,000 letters a year going to and from the U.S.S.R., and later extended this operation to include mail from North Vietnam, Cuba, and other (noncommunist) Latin American countries. Chief Postal Inspector William Cotter systematically lied about the existence of this operation until just this year.
>
> Military counterintelligence groups routinely opened military mail, both within the U.S. and at overseas bases. The "flap and seal" operation was justified on the grounds of detecting spies, but according to columnist Jack Anderson, was used largely to spy on servicemen who had complained about the Vietnam War.
>
> In just the past two years, Inspector Cotter admits there have been 431 court orders for opening first class mail, and nearly 8600 approved mail covers [the recording of all return addresses on someone's incoming mail]. The latter have been at the behest of 41 Federal agencies, including the IRS, the Drug Enforcement Agency, the Interstate Commerce Commission, and the Departments of Agriculture and Interior, as well as state and local police and prosecutors.[13]

On July 13, 1855 the editor of *Alta California*, enraged by the prosecution of private carriers, declared: "The present Post Office system is the most outrageous tyranny ever imposed on a free people. It forbids us from sending letters by such means of conveyance as we may prefer, without paying an odious and onerous tax to the government. . . ."[14]

Strong words. And still true. ❁

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[13] Robert Poole, Jr., "Getting Big Brother Out of the Mailbox," *Reason* November 1975, p. 54.

[14] Wooldridge, p. 31.

IDEAS ON LIBERTY

The Sources of Invention

As CONTRASTED with the ideal ways of organizing effort in other fields, what is needed for maximizing the flow of ideas is plenty of overlapping, healthy duplication of efforts, lots of the so-called wastes of competition, and all the vigorous untidiness so foreign to the planners who like to be sure of the future.

JOHN JEWKES

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WILLIAM CHADWICK

A New Look at the Abolitionists

I HAVE LONG BEEN PUZZLED by the way my American History teachers, and the textbooks they used, presented the Abolitionists – the men and women of the American anti-slavery movement – in a very friendly light. Now, most of these teachers were quite openly of the Left. It always struck me a bit odd that they who admired Chairman Mao should sing the praises of such ardent individualists as Thoreau. Their logic seemed to be: (a) the slaves were Negroes, (b) the Abolitionists were helping the slaves, (c) the Left helps Negroes through the "Civil Rights" movement and Welfare-State programs; therefore, (d) the Abolitionists were of the Left.[1] Yet I, as a libertarian and individualist, found myself closely identifying with the Abolitionists. I couldn't help thinking that their fight is our fight today, in different circumstances and with a new set of oppressors. The more I read their

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[1] The left-wing historian Howard Zinn, for example, has written a book about the Student Non-Violent Coordinating Committee called *SNCC: The New Abolitionists* (Boston: Beacon, 1964). See also Zinn's article, "Abolitionists, Freedom-Riders, and the Tactics of Agitation," in Duberman, Martin (ed.), *The Antislavery Vanguard* (Princeton, N.J.: Princeton University Press, 1965), pp. 417-451. Even more objectionable is the title of one collection of Abolitionist writings: *Forerunners of Black Power*. To compare men like Garrison and Wendell Phillips with the likes of Stokely Carmichael and Eldridge Cleaver is a bit ludicrous. Bormann, Ernest G. (ed.), *Forerunners of Black Power* (Englewood Cliffs, N.J.: Prentice Hall, 1971).

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writings and speeches the more I see, in the Abolitionists' rousing call to freedom, ideas that are as relevant in the fight against the tyranny of today's all-powerful State as they were in the struggle against yesterday's slaveholder.

The Abolitionists saw themselves as the philosophical heirs of Jefferson, Franklin, Paine and other intellectual leaders of the War for American Independence. They saw themselves as trying to fulfill the promise of 1776, and the Declaration of Independence's famous defense of the "inalienable rights . . . (of) life, liberty and the pursuit of happiness." The first major public address of William Lloyd Garrison, probably the most prominent of the Abolitionists, was given on the Fourth of July and referred to the discrepancy between the American creed, as contained in the Declaration, and the American practice of slavery.[2] In the first issue of his famous paper, *The Liberator,* Garrison again invoked the Declaration: "I determined at every hazard, to lift up the standard of emancipation in the eyes of the nation, *within sight of Bunker Hill and the birthplace of liberty.*"[3]

Angelina Grimké, the leading woman in the movement, likewise advocated the ideals of 1776, stating that Americans "must return to the good old doctrine of our forefathers" – the doctrine of *every* man's right to his own life, liberty and property.[4] Similarly, the poet and Abolitionist John Greenleaf Whittier spoke of a time when "the practice of our people shall agree with" the ideals of the Declaration of Independence.[5]

In Opposition to Violence

It is frequently noted that the Abolitionists, by and large, were religious people, who believed slavery a sin; but this, while true, gives the impression that the religious Abolitionists opposed slavery as an act of faith rather than on any clear ethical grounds. Actually, they called slavery sinful because they realized it was maintained by violence. This religious libertarianism can be seen in the writings of Stephen Symonds

[2] Speech reprinted in Frederickson, George M. (ed.), *William Lloyd Garrison* (Englewood Cliffs, N.J.: Prentice Hall, 1968), p. 15, and in Garrison, Wendell Phillips and Francis Jackson Garrison, *William Lloyd Garrison* (New York: The Century Company, 1889), Vol. I, pp. 127-137.

[3] In Frederickson, p. 22.

[4] Grimké, Angelina E., "Appeal to the Christian Women of the South" (no publisher given, 1837), p. 3.

[5] In Ruchames, Louis (ed.), *The Abolitionists: A Collection of their Writings* (New York: G. P. Putnam's Sons, 1963), p. 57.

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Foster (not the composer), who was, according to one historian, "called by some second in effect only to Garrison in the early years of the agitation for the abolition movement."[6]

Foster catalogued the sins on which slavery was based: *theft* – a man owns his own industry, and slavery steals that industry and puts it to work for another; *adultery* – slave-owners violate the marriage-contract of the slaves; *man-stealing* – "God has given to every man an inalienable right to himself . . . and he who interferes with the free and unrestricted exercise of that right, who, not content with the proprietorship of his own body, claims the body of his neighbor, is a man-stealer;" *piracy* – the slave-trade, piracy legally and morally; and most important, *murder* – because the slave-owner "maintains his ascendancy over his victims . . . only by the threat of extermination."[7] One wishes that some of the religious socialists of today, using Christian principles as a basis for advocating the legally-sanctioned violence of statism, could be introduced to the religious libertarianism of Foster and his kind, who knew coercion when they saw it.

[6] Bormann, p. 105.

[7] Foster, Stephen Symonds, "The Brotherhood of Thieves," in Bormann, pp. 110-112.

Involved in Socialism

John Thomas, in his article, "Antislavery and Utopia," points out that Jefferson Davis saw the abolitionists as socialists who were starting out with an attack on slave holding (which Davis considered a form of private property) but would finish by attacking all forms of private property. Thomas also points out that George Fitzhugh, the leading intellectual apologist for slavery, said that many Abolitionists, because they were socialists, were embracing slavist ideas.[8]

Because the ideas of Davis and Fitzhugh contain a germ of truth – quite a few Abolitionists were involved in socialism – modern students of Abolitionism may be led to believe that the standard view has been correct all along, that the Abolitionists and today's Welfare-Statist are both of the Left. But the chief mistake here is Davis' mistake, to believe that just because the Abolitionists refused to recognize any right of one man to own another as property, they were against all property rights as such. Thus, the Abolitionists become typical liberal humanitarians seeking to put "human rights" above "property rights."

Yet, reading the speeches and

[8] Thomas, John, "Antislavery and Utopia," in Duberman, pp. 243-244.

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writings of the Abolitionist mainstream, one finds no bias against private property; they simply did not believe a human being can rightfully be another's property. It is today's advocate of the Welfare State who treats human beings as property – property of Big Brother, natural resources to be used for whatever purposes the government has in mind, driven by the whip of the government's police power.

While it is true, as stated above, that many Abolitionists were socialists, even the communitarians among them were libertarians, advocating socialism only on a voluntaristic basis. The fascist mentality of the modern statist would have been entirely foreign and abhorrent to them. Consider one of the most prominent among them, Stephen Pearl Andrews. Andrews, a lawyer, was chased out of Houston, Texas, by a pro-slavery mob, and went to England, where he tried – with some support from John Quincy Adams – to convince Lord Palmerston and Lord Aberdeen to lend money for the purchase (with the intent of emancipation) of the slaves in Texas.[9]

Andrews was influenced in becoming an anarchist by the ideas of Josiah Warren, the founder of an anarcho-communist settlement in New Harmony, Indiana; Warrenism was a combination of Robert Owen's Utopian socialism and native American individualism.[10] Men like Andrews steadfastly held to the individual's right to freedom from coercion, and their communitarian experiments were strictly voluntaristic. One might refer to a man like Andrews as a left-wing anarchist but would have to call him a right-wing socialist, using "right-wing" to mean respect for the rights of the individual. Warren had called his philosophy "Individual Sovereignty," and Andrews made this phrase his motto.

In his magnum opus, *The Science of Society* – which is, at least in its first section, "The Sovereignty of the Individual," a classic of libertarian thought – Andrews comes out four-square for *laissez-faire* in economics: "Nothing short of absolute free trade. Democracy says to government, Hands off! Let the Individual determine for himself when and where, and how he will buy and sell."[11] Andrews' hope was that

9 Martin, James J., *Men Against the State* (Colorado Springs: Ralph Myles Publisher, 1970), p. 153; and Stern, Madeleine B., *The Pantarch* (Austin: University of Texas Press, 1970), pp. 10, 12-13.

10 Martin, pp. 26-55, *passim.*

11 Andrews, Stephen Pearl, *The Science of Society* (Boston: Sarah E. Holmes, Publisher, 1888), p. 18.

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out of the workings of the free market, the kind of individualist-socialism (sounds contradictory, doesn't it?) he wanted would naturally evolve; I do not share in this hope, but I respect Andrews' undiluted libertarianism.

The Abolitionists, generally speaking the same *laissez-faire* language as we modern libertarians, were a far cry from the so-called "New Abolitionists" of today's statist Left. We who recognize that "Massa" has changed his name to "Big Brother" should give them honor. I close with a passage from a letter written to William Lloyd Garrison by Theodore Weld, Garrison's chief rival for leadership of the antislavery movement. In the letter, Weld states that he is unfamiliar with the exact philosophy and aims of the New England Anti-Slavery Society (Garrison's organization), but that:

> *its expressive name is dear to my soul.* From that I infer that the Society is based on that great bottom law of human right, that *nothing but crime can forfeit liberty.* That no condition of birth, no shade of color, no mere misfortune of circumstances, can annul that birthright charter, which God has bequeathed to every being upon whom he has stamped his own image, by making him *a free moral agent,* and that he who robs his fellow man of this tramples upon right, subverts justice, outrages humanity, unsettles the foundation of human safety, and sacrilegiously assumes the prerogative of God.[12]

To these words, we modern "Abolitionists" – the *real* "New Abolitionists" – can add a resounding, "Amen!"

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[12] Weld to Garrison, January 2, 1833, in Barnes, Gilbert H., and Dwight L. Dumonds (eds.), *Letters of Theodore Weld, Angelina Grimké Weld, and Sarah Grimké Weld, 1822-1844* (New York: D. Appleton Century Company, 1934), Vol. I, p. 98.

How Inflation Enslaves Us

IDEAS ON LIBERTY

WHEN A GREAT BODY of men are preaching the righteousness of the confiscation of property, the stability of the society is threatened, even though the method of confiscation be simply the depreciation of the currency for the benefit of the discontented poor.

ANDREW C. MC LAUGHLIN,
The Confederation & the Constitution, 1905

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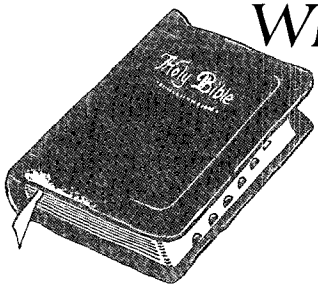

What the Bible Says About Big Government

JAMES C. PATRICK

EVIDENCE IS MOUNTING that many government programs fail to accomplish all that their advocates had promised. After dipping for a while crime statistics are climbing again. Confidence in the institution of government has sagged. Some people wonder whether government has bitten off more than it can chew. They suspect that Henry Hazlitt came close to the mark when he wrote, "The more things a government undertakes to do, the fewer things it can do competently."[1]

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1 LIFE AND DEATH OF THE WELFARE STATE; La Jolla, California: La Jolla Rancho Press, 1968; p. 52.

What do the Hebrew and Christian scriptures have to say on the subject of government power and functions? News reports about clergymen's public statements and actions often reveal the men of the cloth on the side of big government – favoring more handouts, more intervention, more regulation. Does the Bible support that position? Or should the clergy take a closer look at what the scriptures disclose? Answers to these questions could be illuminating.

First, however, just what is government? Some of the thinkers who helped lift western civilization into the modern era had pondered the question deeply but it is doubtful that most people ever gave it a thought, either then or

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now. A look at what students of the subject have written should provide an answer.

The Essence of Big Government

In a stark cemetery at Mansfield, Missouri, stand two identical gravestones side by side, separated by about six feet of sod. Carved in large letters in the brown granite of one is the name Wilder, of the other, Lane. One marks the graves of Almanzo James and Laura Ingalls Wilder, the second the grave of their daughter, Rose Wilder Lane. Almanzo Wilder died in 1949 at the age of ninety-two. His wife lived till 1957 when she was ninety. Rose was almost eighty-two when she died in 1968.

A mile east of Mansfield on a pleasant hillside rests the modest white frame house that Almanzo Wilder built for Laura at the turn of the century, using building materials produced on the farm. Here Rose grew to womanhood and here in 1932 her mother began to write the "Little House" books that have charmed a generation of Americans with their picture of pioneer life in the second half of the nineteenth century and have now been adapted for television. Drawing on a descriptive talent developed as a girl when she served as the eyes for her scarlet fever-blinded sister, Laura wrote the series of books in longhand on tablet paper, using both sides of the sheet to avoid waste and writing with a pencil.

Rose, too, became a writer and her best-known book, *Let the Hurricane Roar,* is in part a re-telling in fiction of the pioneer experiences of her mother's family. But her most influential book is *The Discovery of Freedom,* published in 1943. It takes nothing from Rose Wilder Lane to point out that the book reflects viewpoints and attitudes that are evident in her mother's writing.

The Discovery of Freedom was the inspiration for Henry Grady Weaver's *The Mainspring of Human Progress,* described by Leonard Read, President of the Foundation for Economic Education, as probably the best introduction to freedom ideas available in a single volume. *Mainspring* has multiplied the outreach and the influence of Rose Wilder Lane's thought.

Today and for two generations there has been abroad in the land a naive faith in government as the solution to all problems – a belief in the ability of legislation to satisfy any need. Events in the last decade, when that trust reached its zenith in the Great Society programs, have dealt several stinging blows to the faith but it had become so deeply ingrained that it yields slowly to opposing evidence.

Weaver and Mrs. Lane did not share the popular belief. Instead

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they took a very different view which Rose Wilder Lane expressed in these words: "What they (men in government) have is the use of force – command of the police and the army. Government, The State, is always a use of force . . ."[2] And "Buck" Weaver wrote, "In the last analysis, and stripped of all the furbelows, government is nothing more than a legal monopoly of the use of physical force – by persons upon persons."[3]

What Authorities Say

Although most Americans today seem never to have thought of it, this idea was not new. Numerous other writers, representing differing shades in the political spectrum, have expressed a similar view, both before and since Mrs. Lane and "Buck" Weaver wrote.

"The civil law . . . is the force of the commonwealth, engaged to protect the lives, liberties, and possessions of those who live according to its laws, and has power to take away life, liberty, or goods from him who disobeys." (John Locke)

"Government is not reason, it is not eloquence – it is force. Like fire it is a dangerous servant and a fearful master . . ." (George Washington)

"Law is the common force organized to act as an obstacle to injustice." (Frederic Bastiat)

". . . penal sanction . . . is the essence of law . . ." (John Stuart Mill)

"The essential characteristic of all government, whatever its form, is authority. . . . Government, in its last analysis, is organized force." (Woodrow Wilson)

"The state belongs to the sphere of coercion. It would be madness to renounce coercion, particularly in the epoch of the dictatorship of the proletariat." (Nikolai Lenin)

"A government may be freely chosen, but it is still not all of us. It is some men vested with authority over other men." And democracy ". . . is a name for a particular set of conditions under which the right to coerce others is acquired and held."[4] (Charles Frankel)

"The State is the party that always accompanies its proposals by coercion, and backs them by force."[5] (Charles A. Reich)

It should come as no surprise to students of the Bible that the scrip-

[2] THE DISCOVERY OF FREEDOM; New York, N.Y.: Arno Press, 1972; p. 27.

[3] THE MAINSPRING OF HUMAN PROGRESS; Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1953, p. 71.

[4] Charles Frankel, THE DEMOCRATIC PROSPECT; New York, N.Y.: Harper & Row, 1964; p. 136 and p. 30.

[5] Charles A. Reich, THE GREENING OF AMERICA; New York, N.Y.: Bantam Books, 1971; p. 350.

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tures analyzed the ultimate nature of government much earlier than any of the writers cited. Christians sometimes wonder what Jesus had to say about the role of government and theologians normally reply that he said very little on the subject. The principal relevant statement recorded in the gospels is his response to a question as to whether it was proper to pay the head tax imposed by Rome. The tax amounted to about twenty-five cents a person and was regarded as a mark of servitude to Rome.

In ancient times the authority of a ruler was symbolized by the circulation of his coinage and coins bearing the ruler's image were considered his property, in the final analysis.[6] When Jesus requested that his questioners show him one of the coins used to pay the tax, a coin was brought and he asked, "Whose likeness and inscription is this?" They replied that it was Caesar's. Jesus then said, "Render therefore to Caesar the things that are Caesar's, and to God the things that are God's." The account is told in Matthew 22 and in parallels in the gospel according to Mark and according to Luke.

While Jesus said little about the power of government and what government should or should not do, two other New Testament writers came down solidly on the side of respect for the civil authorities and obedience to law. One of these was the Apostle Paul. Of Paul a respected New Testament scholar wrote a few years ago, "It is evident from many allusions in his writings, that the thought of Rome had strongly affected his imagination. He associated the great city with all that was most august in earthly power. He believed that it had been divinely appointed to maintain order and peace among the contending races."[7]

In his letter to the Romans, St. Paul offered the following admonition: "Let every person be subject to the governing authorities. For there is no authority except from God, and those that exist have been instituted by God."

Pay your taxes and give respect and honor to whom they are due, said Paul. Conduct yourself properly and you will have no reason to fear an official. "But if you do wrong, be afraid, for he does not bear the sword in vain."[8]

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6 THE ABINGDON BIBLE COMMENTARY; New York, N.Y., and Nashville, Tenn.: Abingdon-Cokesbury Press, 1929; p. 988.

7 E. F. Scott, THE LITERATURE OF THE NEW TESTAMENT; New York, N. Y.: Columbia University Press, 1936; p. 156.

8 Romans 13:1-7. All scriptural quotations are from the Revised Standard Version of the Bible; New York, N.Y.: Thomas Nelson & Sons, 1952.

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And St. Peter wrote:

> Be subject for the Lord's sake to every human institution, whether it be to the emperor as supreme, or to governors as sent by him to punish those who do wrong and to praise those who do right. For it is God's will that by doing right you should put to silence the ignorance of foolish men. Live as free men, yet without using your freedom as a pretext for evil; but live as servants of God. Honor all men. Love the brotherhood. Fear God. Honor the emperor.[9]

The statements are brief because the writers were not primarily concerned for man's relation with the authorities but for his relation with God and his fellow man. But the statements are definite. And they provided the scriptural foundation for what some students have considered Martin Luther's exaggerated reverence for the State. Luther's attitude supplied the philosophical substructure for the authoritarian character German governments have displayed more than once.

"When studied with any degree of thoroughness, the economic problem will be found to run into the political problem," wrote Irving Babbitt, "the political problem into the philosophical problem, and the philosophical problem itself to be almost indissolubly bound up at last with the religious problem."[10] In short, what we believe or do not believe about man and about God determines what kind of society we will have and how our society will govern itself.

While there is support for paying taxes, obedience to law, and respect for civil authority in the New Testament, no detailed analysis of the nature of government or the proper functions of government is to be found there. There is, however, ample guidance for the individual conduct of government officials. They are human beings, so they will be fair, as all humans should be. They will deal justly with the people. Tax collectors will not steal because nobody should steal.

Another Biblical View

In the Old Testament, the writer of the books of I Samuel and II Samuel draws a definite contrast between limited government and the all-powerful State. The writer of the two books drew on earlier sources, some of which probably went back as far as 1000 B.C. or earlier and all of which had been completed by about 600 B.C.[11] For

9 I Peter 2:13-17.

10 Quoted by Russell Kirk, THE CONSERVATIVE MIND; Chicago, Ill.: Henry Regnery Company, 1960; p. 482.

11 Robert H. Pfeiffer, INTRODUCTION TO THE OLD TESTAMENT; New York, N.Y.: Harper & Brothers, 1941; pp. 20-22.

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generations the Jewish people had been led by officials called Judges, of whom at least one, Deborah, was a woman. Best known of the judges to modern readers is Gideon, because his name is carried by the organization recognized for its practice of distributing Bibles in hotels and motels. The judges combined civil, military, and religious functions in their office. They led the Jewish people in battle against their enemies, settled questions of law, administered justice in disputes between individuals, and functioned as priests and prophets. To the enemies of Israel they often showed no quarter and in some of their judicial decisions they may have been arbitrary but their leadership of their own people was apparently rather mild. The writer of the book of Judges reports, in chapter 17 and again in his concluding verse, Judges 21:25, "In those days there was no king in Israel; every man did what was right in his own eyes."

Gideon did not even want to be king. After he had led the men of Israel successfully against their enemies, they asked him to rule over them but he replied, "I will not rule over you, and my son will not rule over you; the Lord will rule over you."[12]

After the death of Gideon one of his sons, Abimelech, seized power briefly and killed all of his brothers except one, the youngest, Jotham, who hid himself and escaped. When Jotham was told what his brother had done, he related a parable, recorded in Judges 9, about the trees going forth to anoint a king over themselves. The olive tree, the fig tree, and the vine all declined to abandon their productive pursuits to become king, so the trees then turned to the bramble and the bramble accepted.

The Worst on Top

In *The Road to Serfdom,* Prof. Friedrich A. Hayek, for somewhat different reasons from those cited in Jotham's parable, reached a conclusion that resembles the parable of the trees and the bramble. Prof. Hayek describes how kakistocracy arises in a chapter entitled, "Why the Worst Get on Top."[13]

Samuel was the last of the series of prophet-judges. He administered justice in his own city of Ramah, a few miles north of Jerusalem, and traveled a judicial circuit that took him annually to Bethel, Gilgal, and Mizpah. When senility approached, Samuel made his two sons judges but the scrip-

[12] Judges 8:23.

[13] Friedrich A. Hayek, THE ROAD TO SERFDOM; Chicago, Ill.: The University of Chicago Press, 1944; Chapter X.

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ture records that they lacked their father's honorable character and "turned aside after gain . . . took bribes and perverted justice."[14]

The Jewish people were still engaged in the prolonged effort to conquer the land they had occupied. Recurring wars threatened their security. Such enemies as the Philistines were better organized and better equipped than the people of Israel who retained their loose tribal structure and had not yet fully abandoned the nomadic life. So the elders of Israel came to Samuel with a request: "Behold, you are old and your sons do not walk in your ways; now appoint for us a king to govern us like all the nations."

The request displeased Samuel and he prayed to the Lord who admonished Samuel to heed their request, "for they have not rejected you, but they have rejected me. . . ." But Samuel was directed to tell them what it would be like to have a king. He did so in words recorded in I Samuel 8:

> These will be the ways of the king who will reign over you: He will take your sons and appoint them to his chariots and to be his horsemen, and to run before his chariots; and he will appoint for himself commanders of thousands and commanders of fifties, and some to plow his ground and to reap his harvest, and to make his implements of war and the equipment of his chariots. He will take your daughters to be perfumers and cooks and bakers. He will take the best of your fields and vineyards and olive orchards and give them to his servants. He will take the tenth of your grain and of your vineyards and give it to his officers and to his servants. He will take your menservants and maidservants, and the best of your cattle and your asses, and put them to his work. He will take the tenth of your flocks, and you shall be his slaves. And in that day you will cry out because of your king, whom you have chosen for yourselves. . . .

The people refused to listen to Samuel, however, and insisted that they wanted a king to govern them and fight their battles. Their wishes prevailed. They got big government.

The king who was selected was Saul, of the tribe of Benjamin. Many years before, when Moses explained to the people of Israel the law that he had delivered to them, he told them what kind of person to choose as king when the time came. His counsel is recorded in Deuteronomy 17:

> When you come to the land which the Lord your God gives you, and you possess it and dwell in it, and then say, "I will set a king over me, like all the nations that are round about me"; you may indeed set as king over you him whom the Lord your God will choose. One from among your breth-

[14] I Samuel 7:15-8:5.

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ren you shall set as king over you; you may not put a foreigner over you, who is not your brother. Only he must not multiply horses for himself, or cause the people to return to Egypt in order to multiply horses, since the Lord has said to you, "You shall never return that way again." And he shall not multiply wives for himself, lest his heart turn away; nor shall he greatly multiply for himself silver and gold.

In a book based on his research at the Hoover Institution on War, Revolution and Peace of Stanford University, Alvin Rabushka wrote, "Governments take resources from the public but use them to maximize their own welfare."[15] Both Moses and Samuel recognized this propensity and warned about it. To modern taxpayers the tenth part of their grain and vineyards and flocks, that Samuel said the king would require, must appear mild indeed but in time the burden became onerous to the people. Samuel's prophecy that one day they would cry out because of their king was not realized immediately. Then, as now, persons with the vision to foretell the consequences of certain popular choices and actions could only tell *what* would occur as a result, not *when* it would occur.

[15] Alvin Rabushka, A THEORY OF RACIAL HARMONY; Columbia, S. C.: University of South Carolina Press, 1974; p. 93.

David and Solomon

David succeeded Saul as king, united the people of Israel under his rule, defeated their enemies, pushed the borders of his domain south to the Gulf of Aqaba, an arm of the Red Sea, and by treaty with vassals extended his control north and eastward to the Euphrates River.[16]

Thrusting aside an attempt of an older brother to become king, Solomon followed David, his father, on the throne. His reign was marked by lavish construction programs and public works projects. An extensive bureaucracy was established to man the elaborate governmental structure Solomon created. Twelve administrative regions were defined and each was to provide the taxes and other resources to support the king and his government for one month of each year. Solomon took as one of his wives a daughter of the Egyptian Pharaoh and built her a luxurious residence. He also built a temple at Jerusalem to be the center of worship for the entire nation. He was described as having "wisdom and understanding beyond measure, and largeness of mind like the sand on the seashore. . . ."[17] At the same time, however, the scrip-

[16] E. W. Heaton, SOLOMON'S NEW MEN; New York, N.Y.: Pica Press, 1974; Chapter 2.

[17] I Kings 4:29.

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ture speaks repeatedly of Solomon's use of forced labor and it tells of the hundreds of wives and concubines that he took. History casts doubt on the wisdom of a ruler who burdens his people with oppressive taxation and encumbers them with the upkeep of a sprawling bureaucracy and a parasitic court.

Like the Roman Catholic popes of the fifteenth and sixteenth centuries, Solomon mulcted the people of the resources to build imposing structures and create works of art.[18] The popes left great paintings and sculpture, as Solomon left a temple that stood for four centuries, but the exactions of the popes brought schism to the Church and those of Solomon brought rebellion in the kingdom when his son, Rehoboam, succeeded him.

After the death of Solomon the people who assembled for the coronation of Rehoboam came to the new king with a plea: "Your father made our yoke heavy. Now therefore lighten the hard service of your father and his heavy yoke upon us, and we will serve you." Rehoboam sent them away for three days while he consulted first with the elders who had advised his father and then with his youthful associates. In the end he rejected the counsel of the elders that he accede to the people's wishes. Instead he took the advice of his contemporaries and when the people returned for his answer, he told them, "My father made your yoke heavy, but I will add to your yoke; my father chastised you with whips, but I will chastise you with scorpions." Their appeal rejected, the people cried out, "To your tents, O Israel!" And the historian records in I Kings 12, "So Israel has been in rebellion against the house of David to this day."

The scriptures say that Saul and David and Solomon each reigned for forty years. So one hundred twenty years passed, or approximately four generations, from the time when the people abandoned limited government until the time when their descendents did "cry out" because of the king they had chosen. By 600 B.C. or earlier the people of Israel had learned, however, that government is indeed force – a dangerous servant and a fearful master.

The Role for Government

If government is force, as the serious students of the subject have agreed, what kinds of things should government do? The answer is obvious. Government should do those things that can be prop-

[18] Irving Stone, THE AGONY AND THE ECSTASY; New York, N.Y.: Doubleday & Company, 1961 (Signet edition).

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erly done by the use of force. The question follows: What are the proper uses of force among responsible adults?

Nobody has answered that question more clearly than the nineteenth century French statesman, Frederic Bastiat: "Every individual has the right to use force for lawful self-defense. It is for this reason that the collective force — which is only the organized combination of the individual forces — may lawfully be used for the same purpose; and it cannot be used legitimately for any other purpose."[19]

Government, therefore, is to be used to defend, to protect, to prevent violence, fraud, and other predatory acts. Other endeavors are to be left to the initiative and the choices of people acting voluntarily, either jointly or as individuals. In short, government should do what the judges of Israel did. Beyond that every man should do what is "right in his own eyes."

Obviously that is not the direction Americans have been moving for the past two generations. Instead, as noted earlier, a naive faith that government can solve all problems has taken root and persists in spite of the repeated failures of government social programs. But it makes no difference that large numbers hold a wrong view. Right is not determined by majority vote. As Anatole France stated, "If fifty million people say a foolish thing, it is still a foolish thing." And Supreme Court Justice George Sutherland said, "A foolish law does not become a wise law because it is approved by a great many people."[20] Right, like truth, is usually discerned first by a minority, often in the beginning a minority of one.

Everybody Is Responsible

Everybody has a stake in preventing the unprincipled members of society from committing acts of violence or fraud upon peaceful persons, and should help pay a part of the cost of the police and defense mechanism necessary to protect people in their peaceful pursuits. Government is society's mechanism for protecting and defending; it properly collects taxes to pay for these services. But when it takes from some persons what belongs to them and gives it to other persons to whom it does not belong, government commits an act of plunder. One person who uses force or the threat of force to take from another what has been

19 Frederic Bastiat, THE LAW; Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1956; p. 68.

20 Address as President of the American Bar Association, at the ABA annual meeting, Saratoga Springs, N.Y., Sept. 4, 1917.

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honestly earned or built or created, commits an immoral act and a crime. Two or more persons banding together do not acquire any moral rights that they did not have as individuals. When government provides benefits for one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime, it performs an act of plunder.[21]

Not only is governmental plunder immoral, it reduces the general well-being of the people. It does so by taking away from some people what they have produced but are not permitted to use. It reduces well-being by distributing to other people what they have not been required to produce. Both the producers and the receivers are thus deprived of incentive. And government reduces the general well-being by creating an unproductive administrative bureaucracy to do the taking away and the distributing. Society needs the productivity of all its able members. Shifted to producing goods and services that can be exchanged in the marketplace, the legions of bureaucrats could add materially to human well-being.

How is the situation to be corrected that has been allowed to develop? Rose Wilder Lane points the way: "The great English reform movement of the 19th century consisted wholly in repealing laws."[22] What is needed in the United States is to repeal laws, not to pass new ones. Repeal laws that vest some men with authority over other men. This is not to set the clock back, it is to set it right.[23]

As Samuel warned the people of Israel when they chose big government, various prophets have warned the people of America. Prophets can only tell *what* to expect, however, not *when* to expect it. More than a century of suffering passed before the people of Israel rose to throw off the yoke from their necks.

[21] Bastiat, *Op. cit.* p. 21.

[22] *Loc cit.* p. 239.

[23] Wilhelm Roepke, A HUMANE ECONOMY; Chicago, Ill.: Henry Regnery Company, 1960; p. 88.

IDEAS ON LIBERTY

The Lesson

IN DECIDING whether or not to give power over you to your most trusted friend, imagine that his authority might eventually be held by your worst enemy. Then act accordingly; for although the friend may never misuse it, there's no way of telling who might inherit it from him.

JAMES M. ROGERS, "Two Ways to Slavery"

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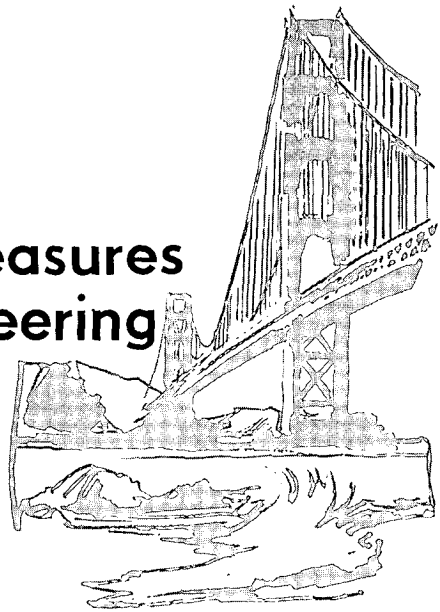
The Existential Pleasures Of Engineering



SAMUEL C. FLORMAN, author of the enigmatically titled *The Existential Pleasures of Engineering* (St. Martin's Press, $7.95), is a construction engineer who happens to hold an M.A. in English literature from Columbia University. The possessor of a most pleasing style, he moves comfortably in two worlds of the imagination – or in the "two cultures," as the British novelist C. P. Snow would put it.

Like any person of common sense he knows that the creative personality is the same whatever the means of expression the creator may use. As critic Lewis Mumford once noted (before he went off on his anti-technological rampage), the esthetic impulse in our so-called Gilded Age flowered just as importantly and effectively in the great suspension bridges designed and built by Roebling as it did in the poems of Walt Whitman or the paintings of Whistler. The good engineer works in a human dimension, to make life more civilized, more bearable, more

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pleasurable and, incidentally, better able to yield the leisure for literature, sculpture or just plain fun and games. The engineer, in short, is just another artist.

The trouble with the artist-engineer, however, is that he has never bothered to explain himself. During the Golden Age of Engineering, which lasted a full century from 1850 to 1950, he didn't have to justify his existence. People took it for granted that it was good to rid the world of household drudgery by engineering everything from washing machines to air conditioning. There was no question about the value of such things as the automobile, the airplane and the Panama Canal – they speeded life and, simultaneously, left more time for living. The builders of the St. Gotthard Tunnel were eulogized in fiction by no less a person than the tortured dramatist August Strindberg. In Kipling's verse "romance brought in the 5:15," and Carl Sandburg lamented the loss of a discarded steel rail as "straight strength pitched into the slime of the ditch."

But even as engineers were placing men on the moon and unlocking the secret of the atom, the tide turned against the engineer. A whole group of sociologists – Jacques Ellul, Lewis Mumford, Charles Reich, Theodore Roszak – began to think of technology as a Frankenstein monster that had, somehow, taken over and was running the show by itself. The means had become an end. The environmentalists and the ecologists, seeing only that cars have exhausts and that atomic fuel leaves a poisonous waste, headed for the exits. There was nothing left to do, they said, but return to a pre-technological Nature. America must be "greened again."

Our Debt to Technology

With his knowledge of the past, Mr. Florman takes extensive issue with Ellul, Mumford, Reich and the rest of the anti-technologists. Mumford salutes the Middle Ages, when men presumably had common aims and built to the glory of God. But if the Middle Ages had anything over the Dark Ages, it was because technology had turned up such prosaic wonders as the horse collar, which enabled people to move goods from place to place over the rough roads between seas and rivers. Diets were sparse until technology, in the form of the compass, enabled mariners to bring New World vegetables to Europe along with Aztec gold. There should be no need to belabor the point: modern populations, brought into existence by the very fecundity of science and engineering, could not live with-

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out fertilizers, new energy sources, and great ships to carry raw materials to points where they can be transformed into the means of sustenance for the millions.

It is obvious that man sets his own ends, and uses technology to get where he wants to go. It is not the fault of the engineer when men move perversely to hurt each other, or to pursue power for the sake of domination. World War I came before the invention of the tank; World War II preceded the harnessing of the atom to destructive ends. It is the politician and the warrior who make wars that require the jet engine and jungle defoliants, not the engineer, whose discoveries can be switched from use to use, depending on the motives and purposes of non-technical men who often do not know the existential pleasures of building for the sake of enjoyment and peaceful trade.

Gloomy Forecasts

So mixed up have we become that a Stanford University seminar for freshmen in California can feature a speaker, anthropologist George Collier, who expatiates for the students on the losses attendant upon modern technology, including the loss of many tools and skills and "even the loss of hundreds of species of cultivated plants." This remark about plant loss was apparently made with a perfectly straight face not far from the town of Santa Rosa, where Luther Burbank created new plant hybrids by the dozen, and in the very state that had turned a single navel orange branch, a mutation, into a great industry within the lifetime of the navel's discoverer.

At the same seminar a Professor James Gibbons of the Stanford Department of Electrical Engineering downgrades technology by saying that the most it can do for "us in solving the imminent catastrophe of world overpopulation and insufficient resources is to delay that catastrophe by a few years." Professor Gibbons thinks we must all accept a reduction in the standard of living if we are to have any hope for the future.

Well, so we must if our anti-technologists, for the fancied sake of a few caribou who couldn't care less about the loss of a sliver of Arctic land, insist on holding up the building of a needed oil pipeline for seven years. So we must if the Sierra Club activists keep virtually uninhabited wastes in the Powder River area of Wyoming and Montana from becoming the center of a coal mining industry capable of giving us power that now comes at great expense from the Middle East.

We fail not because our engi-

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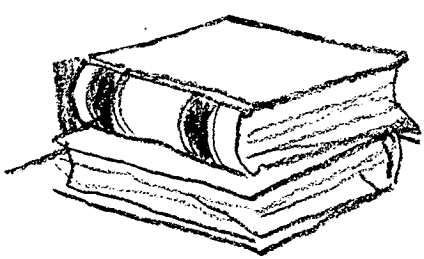
neers have lost their skill but because the aims of men have suddenly become much smaller than they were in the Golden Fifties. The engineer is perfectly capable of winning through to new vistas of plenty, and if there is pollution to be fought as a by-product, the engineer can take care of that in his stride once he gets the signal from the people.

Maybe the intellectual climate is about to take a turn for the better. Last year an English economist, Wilfred Beckerman, wrote his witty *Two Cheers for the Affluent Society* in which he proved the "ecosystem" could do little for man and beast unless there was an economic surplus to turn into water purification and so forth. Now we have Mr. Florman's defense of the artist-engineer, a fit companion book to *Two Cheers*. Incidentally, St. Martin's Press has published both books, a sign of true sanity.



▸ RACE AND ECONOMICS by Thomas Sowell (New York: David McKay and Company, 1975) 276 pp., $9.95.

Reviewed by Allan C. Brownfeld

IF ONE WERE TO SURVEY what has been written in the U.S. about the racial question during the past quarter century, he would be hard pressed to find a more eloquent and honest presentation than this book by professor Thomas Sowell, a black economist now on the faculty of the University of California at Los Angeles. It deserves wide readership – among members of all races.

Dr. Sowell, a firm advocate of the free market, declares that "Race makes a difference in economic transactions as in all other areas of life," but he denies that the black experience in America is radically different from that of other groups.

Although blacks arrived here during the colonial period, groups which came later – such as the Irish and the Italians – have moved ahead faster. Some have identified race as the retarding factor, but this is a mistaken view, Dr. Sowell argues. It "is not the time . . . of arrival in America, but (1) the time of being freed from slavery, and (2) the time of movement from the rural south

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into a modern, industrial and commercial economy . . . "

Blacks "had to undergo two major drastic transformations within two or three generations. They had first to adjust to freedom and individual responsibility for feeding, clothing and housing themselves. This adjustment had to be made in an economy and society devastated by war . . . . The second great adjustment was to urban living – an experience which had proved shattering to European immigrants from similar rural backgrounds before them. Most of today's black urban population has been in the city only two generations, and many of the poorest and most problem-ridden, less than that."

The experiences of the Irish immigrant in the 19th century and the black urban dweller of the 20th are, argues Dr. Sowell, very similar. In 1888, William Dean Howells noted that "the settlement of an Irish family in one of our suburban neighborhoods" strikes a "mortal pang" in the old residents. Henry George applied the phrase "human garbage" to the immigrants of the 1800's and H. G. Wells doubted that they could be absorbed into society.

Dr. Sowell writes that, "The Irish were prominent among the immigrant groups exhibiting the usual symptoms of social pathology among people at the bottom. They had very high rates of death from tuberculosis . . . as well as high rates of insanity, a disproportionate number of widows and orphans and inmates of poor-houses, as well as very large overrepresentation among those arrested and imprisoned."

Of the several 19th century immigrant groups, the Jews advanced most quickly. The reason dates back to their distant past – as did the corresponding failure of other groups to advance more quickly. He writes that, "In one important respect, medieval Jews were very fortunate in the particular form of occupational discrimination practiced against them. They were forbidden to engage in those occupations which were central to feudalism – those involving the land . . . and were therefore forced into urban, commercial and financial occupations, which would of course later turn out to be central to the modern capitalist economy."

Thus, argues the author, blacks, Poles, Irish, Italians and other groups came from a rural and illiterate past which had to be overcome. Prejudice and discrimination was not, in reality, blind hatred, but represented an aversion to the vast differences between these groups and the urban American population. As they acclimat-

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ed and succeeded, the prejudice largely ended.

The most successful non-white group was the Japanese. They met discrimination, and during World War II were interned by the U.S. Government. Yet, their economic advance continued. Neither they nor the even more successful Jews looked for government aid or assistance. They simply educated themselves, acquired the skills necessary to succeed, and made dramatic economic progress. Contrasting the Japanese approach to that of today's liberal desire for governmental intervention in the economy, Dr. Sowell notes that, "Legally, Japanese-Americans never received full restitution for their wartime losses. . . . The actual settlement payments amounted to no more than ten cents on the dollar. The Japanese-Americans, however, did not put their emphasis on trying to get justice, but rather on trying to get ahead. This they did."

It is Dr. Sowell's conclusion that, "political power is not a necessary condition for economic advance. . . . The Irish were the most politically successful of American minorities. They dominated political life in a number of American cities by the middle of the 19th century. Yet . . . the bulk of Irish-Americans was still predominantly in unskilled and menial occupations in the last decade of the century. . . . Emphasis on promoting economic advancement has produced far more progress than attempts to redress past wrongs."

It is the author's belief that liberal and interventionist programs – minimum wage laws, rent control, school busing – do more harm than good in assisting black Americans to advance economically. Concerning the minimum wage he writes: "minimum wage laws are not passed for the purpose of racial exclusion, but the actual economic effects do not depend upon the intentions of those who establish a . . . situation. The net effect of any . . . arrangement which sets the rate of pay above that required to attract the number of qualified workers needed is to make it cheaper to discriminate in deciding who *not* to hire." Similarly, he writes, "Rent control reduces the cost of discrimination in housing, and enables ethnic boundaries to be maintained longer than otherwise." Welfare, in particular, has made many blacks wards of the state and has deadened the incentive needed to progress.

Of the so-called "experts" who have produced programs such as urban renewal – meant to help the poor, but proving counter-productive—Dr. Sowell asks for a healthy skepticism: "Everyone understands

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that when a representative of a soup company tells us that his product makes the best lunch, a healthy skepticism is in order. But when a housing 'expert' unveils the latest plan to 'save the cities' or a member of the education lobby asks for expanded 'opportunities' for youth to consume his product at taxpayer expense, there is a tendency to regard them as wise men promoting the public interest."

Every negative situation faced by blacks today, argues Dr. Sowell, was faced at an earlier time by other immigrant groups. The future success of blacks, he believes, is to look carefully at the qualities which other groups developed to improve their condition: "Among the characteristics associated with success is a future orientation – a belief in a pattern of behavior that sacrifices present comforts and enjoyments while preparing for future success."

Today's minorities, Dr. Sowell believes, are not really far behind the 19th century immigrant groups at similar stages of development. The answer, he believes, lies within the groups themselves – not with the larger society. If government would simply stop meddling in such affairs and throwing up roadblocks – such as union shops which have notoriously kept blacks out of skilled crafts and license laws which restrict entry into many jobs–progress would be more rapid. Prejudice, the author argues, is not eliminated by carrying placards against it but by removing its causes. The small degree of blind racism which remained would be of little consequence.

This book, hopefully, will become a landmark in the literature of race relations and its relationship to economic success. It is an eloquent plea for freedom and free enterprise from a black intellectual about whom we will be hearing a great deal in the future.

▸ FAITH AND FREEDOM: *A Biographical Sketch of a Great American, John Howard Pew* compiled by Mary Sennholz. (Grove City, Pa., Grove City College, 1975) 179 pp.

Available at $6.00 from The Foundation for Economic Education, Irvington-on-Hudson, N. Y. 10533.

Reviewed by Mark B. Spangler

"We never plan anything. I think there's got to be more central planning. . . . People may think badly of the idea simply because anything that smells of government and planning stinks. To me it makes sense."[1] Those are

[1] *Time*, February 10, 1975, pp. 70-71.

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the words of Henry Ford II, and they express adequately the most significant change American society has undergone over the course of this century. Government has been sanctioned solver of all problems, particularly in the realm of economics. Today the popular search for economic well-being is by way of special privileges or money transfers from the government.

Instructors and students enjoy the use of federal and state aid at schools. Urban renewal officials use federal grants to reconstruct communities. Failing industries petition for federal subsidies as do bankrupt cities. "Charity" has come to mean distributing food stamps, unemployment relief, old age care, health aid, and so on. If the government is not called upon to subsidize, then it is expected to control certain actions of individuals. The federal government controls prices that are too high or too low; it regulates competition that is too much or too little. By issuing licenses and permits, the state decides who can enter an occupation and who can build what and where. Employers are told whom they can employ and under what conditions; new workers can be told to join a union. And so it goes today -- utilizing government for the benefit of one at the expense of another's liberty or income. Unfortunately, the play does not end happily. History has seen such performances time and again and knows the outcome.

Consider the following, in direct contrast to the present picture:

> To J. Howard Pew, every wanton restraint to individual liberty whether practiced by a dictator or a popular government, was a degree of tyranny. He opposed every form of government intervention with the creative activity of man. With heavy heart he watched the growth of government in Washington and saw its bureaucracy encroach upon the traditional freedoms of Americans. To him central planning and control meant denial of individual freedom to plan and control. Therefore in countless speeches, he pleaded the case for individual freedom and the private property order, which to him was "the great American Heritage."

Who was J. Howard Pew? He was an industrialist, researcher, developer, manager, and corporate president; he was an entrepreneur of the oil industry. His career covered nearly three quarters of this century and witnessed the transformation of a free society into a highly controlled society. He saw faith in free men discarded for faith in the state. "A free economy is only possible when all people stand equal before the law. That is the principle laid

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down in our constitution. . . . But this principle has been violated time after time. . . ." was one way J. Howard Pew described the present course of America.

His actions and words endorsed freedom and free enterprise; he rejected the free society's only alternative, the centrally commanded society and economy. As an "economist" he saw the efficiency of free markets; as a person he saw the morality of individual freedom. Mrs. Sennholz reports that Howard Pew was defiant and recalcitrant to the authorities of the world, but malleable to eternal principles. *Faith and Freedom* traces the application of Mr. Pew's principles to the domains of education, economics, industry, charity, religion, the importance of America's heritage, and the problems which America faces today.

How did Howard Pew approach the problem of serving consumer demands for higher education? He used the same cost-cutting, managerially-efficient approach that enables enterprises to bring all other goods and services to the masses. Certainly he never looked to government to subsidize his enterprise. Profitable enterprises plow the company's earnings back into the business to expand and to continue to serve consumers. Comprehending the economic importance of competition, Mr. Pew spoke against business using politics to restrict competitors: "We believe in competition for ourselves. . . . We have never sought . . . a sheltered position. . . . If somebody else can serve the public better in quality or price, he is entitled to the business."

He wisely recognized that in a free market employers must compete for labor's services; hence, he took a personal interest in his employees. Howard Pew initiated a stock purchase plan for his employees; and during the Great Depression he refused to make general layoffs or wage reductions. He understood how free market prices regulate an economy and direct its production; price controls only restrain economic growth. Mrs. Sennholz has included in the book one of his 1934 speeches relating the damaging repercussions that could have been brought upon the oil industry if at that time the government had imposed controls just on transportation. He gives a clear description of the process by which federal controls snowball once initiated.

The major evil of our time is inflation, and Howard Pew knew that inflation is the expansion of the money supply by federal officials. It is such expansion which causes prices to rise in a general

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fashion, thus bringing instability to the economy and making calculation almost impossible. "War, pestilences, plagues, and catastrophes rarely bring about the fall of a nation; but inflation has been responsible for the downfall of many great empires of the past," he said.

J. Howard Pew saw that government security is a fraud: "it has nothing excepting only that which it takes from the people. The key to security is production." The greatest economic charity to Mr. Pew was every productive effort that enables other individuals to become independent of alms. He thought the greatest danger to charity was the rise of compulsory benevolence by an omnipotent provider state. Above all, while voluntary activity strengthens social cooperation, the coercive redistribution by the state generates conflict and breeds corruption. Charity is a moral obligation that is comprehended in the realms of religion and education; charity is not forced giving.

America's economy did not become prosperous and strong by mere accident, nor has it deteriorated to its present state by pure chance. Ideologies shape and govern society. A faith in free men gave America its strength; a faith in the state has been undermining the foundation of America. Howard Pew put it this way:

> If you believe in freedom for the individual, you must be opposed to any encroachment of government on the rights of individuals. If you believe that everyone is entitled to the opportunity for an education, you cannot believe in government control of that education. If you believe in a free market you cannot justify government price controls. If these are your principles, they admit no compromise, for you cannot mix right with wrong any more than you can mix contaminated water with pure water without having the whole water contaminated — and it makes no difference how little contaminated water there may be in the mixture.

Faith and Freedom is simple and straightforward; it is a common sense expression of the actions and thoughts of an industrial genius defending freedom and free enterprise.

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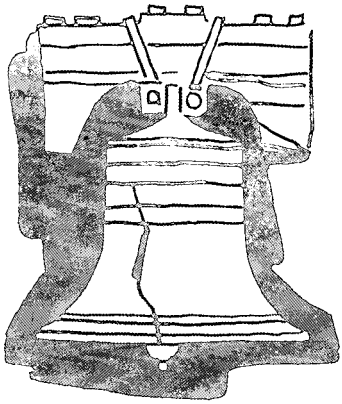

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